Announcements / Filings to Bursa Malaysia

Annual Report & CG Report

MINDA GLOBAL BERHAD

Annual Report for Financial Year Ended	31 Dec 2018
Subject	Annual Report & CG Report - 2018

Please refer attachment below.

Attachments

Minda Global Berhad-CG Report.pdf
752.4 kB

Minda Global Berhad-Annual Report 2018 (Part 1).pdf
233.7 kB

Minda Global Berhad-Annual Report 2018 (Part 2).pdf
2.3 MB

Minda Global Berhad-Annual Report 2018 (Part 3).pdf
2.3 MB

Company Name	MINDA GLOBAL BERHAD
Stock Name	MINDA
Date Announced	30 Apr 2019
Category	Document Submission
Reference Number	DCS-29042019-00124

CORPORATE GOVERNANCE REPORT

STOCK CODE	**:**	5166
COMPANY NAME	**:**	Minda Global Berhad
FINANCIAL YEAR	**:**	December 31, 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE
Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA
Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application :	Applied	
Explanation on application of the practice :	The Board is responsible for the overall corporate governance of Minda Global and its subsidiaries ("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, ensuring proper succession planning and effective shareholders communication policy, ensuring the integrity of the Group's financial and non-financial reporting and reviewing the adequacy and the integrity of the Group's internal control systems. The Board had on 14 February 2018 approved and adopted the Board Charter to ensure the same are in line with the Corporate Governance practices as stated in the Malaysian Code on Corporate Governance 2017 ("MCCG 2017"). The document serves as reference and guide for Directors in discharging their responsibilities for the Company which is made available on Minda Global's website at http://mindaglobal.com.my/wp-content/uploads/2018/02/Minda-Global-Board-Charter-Final.pdf	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application :	Applied	
Explanation on application of the practice :	The Chairman of the Board, General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj Nordin (Rtd.), is an Independent Non-Executive Director, He plays an instrumental role in providing leadership to the Board for all aspects of the Board's roles and responsibilities, ensuring that operations conform to the Board's strategic directions, Company's vision and corporate policies, as well as facilitating the communication and understanding between the Management and the Board. The roles and responsibilities of the Chairman of the Board have been stated under Item 3.2 of the Board Charter, which is made available on Minda Gobal's website at http://mindaglobal.com.my/wp-content/uploads/2018/02/Minda-Global-Board-Charter-Final.pdf	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

<table>
<tr><td>Application :</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">The Independent Non-Executive Chairman is General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj Nordin (Rtd.) while the role of Group Managing Director ("GMD") is fulfilled by Tan Sri Dato' Dr Palaniappan A/L Ramanathan Chettiar and Mr Naresh Alagan as the Group Chief Executive Officer ("GCEO"). Hence, the roles of the Chairman and GMD/GCEO are exercised by different individuals. The roles of Chairman are distinguished from that of the GCEO's/GMD's roles with clear division of responsibilities as outlined in the Board Charter. Besides ensuring an appropriate balance of power and authority, the segregation of roles facilitates an open exchange of views and opinions between the Board and the Management in their deliberation of the business, strategies and key operations of the Group.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome
Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4
The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<table>
<tr><td>Application :</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">The Board is supported by a qualified and competent Company Secretary who is responsible to advise and regularly update the Board on good governance, board policies and procedures, administrative matters and corporate compliances.

All Directors have full and unrestricted access to the advice and services of the Company Secretary, whose appointment and removal is a matter of the Board as a whole.

Ms Wong Youn Kim is a Chartered Secretary and a member of the Malaysian Institute of Chartered Secretaries And Administrators ("MAICSA"). She constantly keeps herself abreast of the evolving capital market environment, regulatory changes and developments in Corporate Governance through attending relevant courses organised by regulators, professional bodies and recognised training providers and organisations.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<table>
<tr><td>Application :</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">Board meetings for the ensuing financial year are scheduled in advance to facilitate Directors to plan ahead and fit the year's Board meetings into their schedules.

Prior to each meeting, a reasonable period of the notice of meetings and agendas were circulated to all Directors together with the draft minutes of the previous meeting as well as the respective reports/papers and other board meeting reference materials such as management reports and financial reports to be discussed in order for them to be apprised of the topics and to be prepared accordingly. Management were invited to attend and present at the meetings, to provide additional information and explanations.

The Minutes including matters Directors abstained from voting/deliberation, contain all deliberations, discussion and decision are prepared soonest practicable by the Company Secretary.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1
The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application :	Applied	
Explanation on application of the practice :	The Board Charter was approved and adopted during the first Board meeting on 14 February 2018. The Board Charter is made available on the Company's website at http://mindaglobal.com.my/wp-content/uploads/2018/02/Minda-Global-Board-Charter-Final.pdf The Board Charter clearly outlines amongst others: • board composition and board balance with qualified individuals of diverse experience, integrity and competence • roles and responsibilities of the Board of Directors, Chairman of the Board, GMD/GCEO, Independent Non-Executive Directors ("INED"), Senior INED and Non-Independent Non-Executive Directors • board committees (i.e. Audit and Risk Management Committee and Nomination and Remuneration Committee) • the procedures of board meeting • continuing education programmes • directors remuneration • board evaluation and performance • investor relations and shareholder communication • relationship with other stakeholders The Board Charter will be periodically reviewed by the Board and updated in accordance with the needs of the Group and any new regulations that may have an impact on the discharge of the Board's responsibilities.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied	
Explanation on application of the practice	:	The Code of Conduct and Ethics for Directors was adopted on 14 February 2018 with the objective of attaining best corporate governance practices and compliance with legislation governing Directors' duties in discharging their duties to achieve corporate objectives. It is important to establish a standard of competence for corporate accountability which includes standards of professionalism and trustworthiness in order to uphold good corporate integrity. The Code of Conduct and Ethics for Directors covers a wide area of policies and procedures to provide direction and guidance to all Directors in discharge of their duties and responsibilities that will be in the best interest of the Group and to establish a standard of ethical behaviour for Directors based on trustworthiness and values that are upheld by Directors. The Code of Conduct and Ethnics for Directors is made available on the Company's website at http://mindaglobal.com.my/wp-content/uploads/2018/02/Minda-Global-Director-Code-of-Conduct -Final.pdf The Code of Conduct and Ethics for Directors will be periodically reviewed by the Board and updated in accordance with the needs of the Group.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application :	Applied
Explanation on application of the practice :	The Company has adopted a Whistle-blowing Policy ("WP") on 14 February 2018 which plays an important part in maintaining the highest level of corporate ethics within the Group, and has a professional responsibility to disclose any known malpractices or wrongdoings. The WP provides an avenue for all employees and members of the public to disclose any improper conduct or any action that is or could be harmful to the reputation of the Group and/or compromise the interest of stakeholders. The structure adopted by the Group establishes a clear line of communication and reporting of concerns for employees at all levels, and provides alternative lines of communication depending on the person(s) who is/are the subject of such concerns. The disclosure of information should initially and promptly be made by the whistle blower to Tan Sri Datuk (Dr.) Rafiah Binti Salim who is a Senior Independent Non-Executive Director. The reports or disclosure under this WP can be made through e-mail at director@mindaglobal.com.my or mail (using the attached form as per Appendix 1 which can be found at Company's website) addressed to the registered address of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur. The Group Chief Financial Officer shall be the named Investigator unless otherwise assigned by the Audit and Risk Management Committee. The WP and its details on the procedures being available on the Company's website at http://mindaglobal.com.my/wp-content/uploads/2018/02/Minda-Global-Whistle-Blowing-Policy-Final.pdf
Explanation for departure :	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied	
Explanation on application of the practice	:	The Board currently consists of seven (7) members, comprising the Independent Non-Executive Chairman, the Group Managing Director, four (4) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. Hence, the Independent Directors of the Company comprises 71% of Board membership.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2
The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Not applicable -	
Explanation on application of the practice	:	The Independent Directors were appointed on 9 January 2018 and thus, none of the Independent Director has served beyond 9 years.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	:	Applied
Explanation on application of the practice	:	The Board will ensure that each of its Directors, has the character, experience, integrity, competence and time to effectively discharge his/her role as a Director, as the case may be, of the Company. The Board Charter clearly outlines that all nominations of candidates for the positions of Directors must be submitted to the Nomination and Remuneration Committee ("NRC") for consideration. The NRC shall base its recommendation on the guidelines as detailed hereunder before recommending the candidates to the Board for approval: (a) Age limit (b) In accordance with the Main Market Listing Requirement ("MMLR") of Bursa Securities, Companies Act 2016 and any other regulatory compliance (c) Work experience (d) Qualifications (e) Personal background (f) Competencies (g) Directorships During the year under review, there was one (1) new appointment to the Board. Mr Maha Ramanathan Palan was appointed as a Non-Independent Non-Executive Director on 23 July 2018. The Group adopts gender diversity through its board, Management and staff composition. The Board welcomes suitable and qualified female Directors to come on the Board subject to the evaluation and assessment by the NRC following the criteria set by the MCCG 2017 and the MMLR of Bursa Securities. The detailed description of the diverse background and experience of the Board members, are set out in Directors' Profile of the Annual Report 2018.
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5
The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

<table>
<tr><td>Application :</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">The Board acknowledges the importance of gender diversity as an important element of a well-functioning board. In order to further reinforce the Company's commitment towards gender diversity, the Board has put in place the Board Gender Diversity Policy which is available at the Company's website at http://mindaglobal.com.my/wp-content/uploads/2018/12/Minda-Gender-Diversity-Policy.pdf

Currently, there are two women Directors on Board and this represents 28% of the Board composition. The Board, through the NRC, will continue to conduct all Board appointment processes in a manner that promotes gender diversity.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
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<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

<table>
<tr><td>Application :</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">All the appointments of new Directors are subject to screening and appropriate recommendation by the NRC prior to consideration and approval by the Boards.

In considering potential candidates for appointment, the NRC will ensure candidates possess the appropriate skills, core competencies, experience and integrity to effectively discharge his or her role as a director. The NRC will consider the recommendations by GMD/GCEO and, within the bounds of practicability, by any other senior executive or any Director or Shareholder.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
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<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	The membership of the NRC is set out in its Terms of Reference. The NRC comprises exclusively of Independent Non-Executive Directors and chaired by the Senior Independent Non-Executive Director, Tan Sri Datuk (Dr.) Rafiah Binti Salim.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application :	Applied
Explanation on application of the practice :	The NRC carries out assessment on an annual basis on the effectiveness and performance of the Board, Board Committees and individual Directors, including the independence of the Independent Non-Executive Directors. Each Director will be provided with a detailed questionnaire in the Directors' Performance Evaluation which covers matters relevant to the Board performance, among other things, contribution to interaction, quality of input, understanding of role and personal developments. An evaluation of each Board Committee will be carried out by assessing the structure, roles and responsibilities, performance of the respective Chairman, as well as Committee's performance against its TOR. Results of the evaluation of the Board, Board Committees and individual Directors are presented to the NRC and Board meetings. As of April 2019, the NRC has conducted the evaluation and assessment exercise in respect of the effectiveness of the Board, Board Committees and performance of individual Directors on the Board for the financial year ended 31 December 2018. Following the evaluation, the NRC agreed that the Board as a whole, the Board Committees and each individual Director had performed well and effectively and the overall composition of the Board in terms of size, mix of skills, experience, core competencies and the balance between the Executive Director, Non-Executive Directors and Independent Directors, is appropriate. The Independent Directors had also fulfilled their independent role in corporate accountability through their objective participation in Board deliberations during Board meetings.

<table>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
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<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1
The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied	
Explanation on application of the practice	:	The Board has adopted a Remuneration Policy for the remuneration of Directors and key senior management. The Board is cognisant that such policy is premised on the need to have an adequate level of remuneration to attract, retain and motivate Directors and senior management personnel of high calibre, expertise with experience relevant to the Company. In determining the level and make-up of the Director's remuneration, the NRC is guided by the Remuneration Policy to consider among others, the following: (a) Performance measures and targets to be aligned with the Company's corporate strategy and Shareholders' interest; (b) Remuneration and rewards shall be granted based on the achievement of the key performance indicator and subject to the Company's overall performance and affordability; and (c) Total remuneration shall be set at levels that are competitive with the relevant market and industry. The Remuneration Policy is available at the Company's website at http://mindaglobal.com.my/wp-content/uploads/2018/12/Minda-Remuneration-Policy.pdf	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied	
Explanation on application of the practice	:	The NRC was established to assist the Board in their responsibilities in nominating new nominees to the Board and to assess the performance of the Board, the Board Committees and the Directors of the Company on an on-going basis and also assist the Board in adopting a transparent policy on remuneration of Directors and ensuring the suitability of the remuneration packages of Directors. The NRC comprises wholly of Independent Non-Executive Directors and is chaired by the Senior Independent Non-Executive Director. The composition of the NRC and the profile of each member can be found in Directors' Profile of the Annual Report. The roles and responsibilities of the NRC are set out in its Terms of Reference which is made available on the Company's website at http://mindaglobal.com.my/wp-content/uploads/2018/02/Minda-Global-Terms-of-Reference-of-the-Nom-and-Rem-Committee-Final.pdf	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application :	Applied
Explanation on application of the practice :	The details of individual Directors' remuneration are as follows:- <u>Group Level</u>

Group	Salaries RM	Fees RM	Retirement Benefits RM	Meeting Allowances RM	Benefit-in-kind RM	Total RM
General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj. Nordin (Rtd.)	-	60,000	-	7,000	-	67,000
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	930,708	12,000	112,135	1,000	-	1,055,843
Tan Sri Datuk (Dr.) Rafiah Binti Salim	-	48,000	-	3,000	-	51,000
Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar	-	48,000	-	8,500	-	56,500
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	-	48,000	-	6,000	-	54,000
Sanjeev Nanavati	-	48,000	-	5,000	-	53,000
Maha Ramanathan Palan	-	20,000	-	1,000	-	21,000

Company Level

Company	Salaries RM	Fees RM	Retirement Benefits RM	Meeting Allowances RM	Benefit-in-kind RM	Total RM
General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj. Nordin (Rtd.)	-	60,000	-	7,000	-	67,000
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	-	12,000	-	1,000	-	13,000
Tan Sri Datuk (Dr.) Rafiah Binti Salim	-	48,000	-	3,000	-	51,000
Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar	-	48,000	-	8,500	-	56,500
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	-	48,000	-	6,000	-	54,000
Sanjeev Nanavati	-	48,000	-	5,000	-	53,000
Maha Ramanathan Palan	-	20,000	-	1,000	-	21,000

Explanation for departure :	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The details of senior management's remuneration are not shown, as the Board considers the information of the said remuneration to be sensitive and proprietary in view of the competitive nature of the human resource market and to support the Company's efforts in retaining executive talents. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to senior management's remuneration are appropriately served by the disclosures on an aggregate basis.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up
Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application :	Not Adopted
Explanation on adoption of the practice	

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.1
The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Audit and Risk Committee ("ARMC") is not the Chairman of the Board. The ARMC is chaired by Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar, an Independent Non-Executive Director and the Board is chaired by General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj Nordin (Rtd.), an Independent Non-Executive Director. Details of the composition of the ARMC are set out in the Annual Report 2018.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

<table>
<tr><td>Application :</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2"></td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2">As a measure to safeguard the independence and objectivity of the audit process, the ARMC has incorporated a policy specification that governs the appointment of a former key audit partner to the ARMC. The policy, which is codified in the ARMC's Terms of Reference, requires a former key audit partner to observe a cooling-off period of at least two (2) years before he can be considered for appointment as a Committee member.

None of the ARMC members are former key audit partner of the Company.</td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

<table>
<tr><td>Application</td><td>:</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice</td><td>:</td><td colspan="2">As per provided in the Terms of Reference of the ARMC, the duties and responsibilities for the ARMC in respect of the External Auditors are as follows:

(a) To consider the nomination and appointment of External Auditors; and to consider the adequacy of experience and resources of the External Auditors and determine the audit fee

(b) To assess the suitability, objectivity and independence of the External Auditors;

The Terms of Reference of the ARMC is available at the Company's website at http://mindaglobal.com.my/wp-content/uploads/2018/07/Minda-Terms-of-Reference-of-the-Audit-Risk-Management-Committee.pdf</td></tr>
<tr><td rowspan="2">Explanation for departure</td><td rowspan="2">:</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="4">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure</td><td>:</td><td colspan="2"></td></tr>
<tr><td>Timeframe</td><td>:</td><td></td><td></td></tr>
</table>

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The ARMC comprises wholly of Independent Non-Executive Directors as provided by the Terms of Reference of ARMC that requires at least three (3) members, consisting wholly of independent non-executive Directors.

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.5
Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application :	Applied	
Explanation on application of the practice :	As provided by the TOR of ARMC, at least one (1) member must be a member of the Malaysian Institute of Accountants or a person who fulfils the requirements as stated in the MMLR of Bursa Securities. All the ARMC members are able to understand matters under the purview of the ARMC including the financial reporting process. Dato' Tan Choon Hwa @ Esther Tan Choon Hwa, a member of ARMC is a member of Malaysian Institute of Accountants ("MIA").	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	The Board acknowledges that risk management and internal control system are an integral part of effective management practice. There is an on-going process in place to identify, evaluate, monitor and manage key risks faced by the Group and the Board reviews the key risks highlighted to ensure the relevant action is taken to mitigate the risk of the Group to safeguard shareholders' investments and Group's assets. The Risk Management Committee was established on 14 February 2018 and the Board has on 26 April 2018 resolved to combine the Audit Committee with Risk Management Committee, which was then renamed as Audit and Risk Management Committee ("ARMC"). ARMC assist the Board to oversee and review the effectiveness of the Group's risk management and internal control systems. An Enterprise Risk Management Framework was established to provide the overall guideline and approach to the Group's risk management. During the year under review, the Company has appointed Axcelasia Columbus Sdn Bhd to enhance the Enterprise Risk Management Framework of the Company and its key subsidiary and to facilitate systematic application of ERM practices and continuous reporting of risk management activities. The Group has established an Internal Audit Function through the appointment of an independent consulting firm which reports to the ARMC and assists the ARMC in reviewing the effectiveness of the Internal control system. The internal controls which have embedded in the business process and activities, amongst other, include delegation of functions, authority limits, setting of policies and procedures and reporting structure. The details are set out in the Statement on Risk Management and Internal Control in the 2018 Annual Report.

Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<table>
<tr><td>Application :</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">Details of the features of risk management and internal control framework and the adequacy and effectiveness of the framework are disclosed in the Statement on Risk Management and Internal Control of the Annual Report 2018 of the Company.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted
Explanation on adoption of the practice	:	The ARMC of Minda Global comprises wholly Independent Non-Executive Directors and is chaired by Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar. The responsibilities of the ARMC include overseeing the company-wide risk management practices. Any approved policy and framework formulated to identify, measure and monitor various risk components would be reviewed and recommended by the ARMC to the Board. Additionally, the ARMC reviews and assesses the adequacy of these risk management and ensures infrastructure, resources and systems are in place for risk management.

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<table>
<tr><td>Application :</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">The Group has established an internal audit function through the appointment of an independent consulting firm which reports to the ARMC and assists the ARMC in reviewing the effectiveness of the Internal control system whilst ensuring that there is an appropriate balance of controls and risk management throughout the Group in achieving its business objectives.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied	
Explanation on application of the practice	:	The Group's internal audit function is carried out by an outsourced internal audit firm which is independent of the activities it audit. The outsourced Internal Auditor is Sterling Business Alignment Consulting Sdn Bhd, who is a member of Institute of Internal Audit Malaysia. The Internal Auditors reports directly to the ARMC of the Board. The role of Internal Auditors is to provide objective assurance to the ARMC and the senior management that operations and functions are efficient and effective, and that processes have a robust control environment.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application :	Applied	
Explanation on application of the practice :	The Board is mindful of the importance of maintaining proper corporate disclosure procedures with the aim of providing shareholders and investors with comprehensive, accurate and quality information on a timely basis. The Company's website at http://mindaglobal.com.my/ under the Investor Relations section, provides information on all announcements made to Bursa Malaysia, share performance, annual reports, corporate and governance information of the Company and it is accessible to the public. The Company's website also provides Investor Relations contact for shareholders to direct their queries or concerns to. Minda Global has adopted a Shareholder Communication Policy which is available at its website http://mindaglobal.com.my/wp-content/uploads/2018/02/Minda-Global-Shareholder-communication-policy-Final.pdf	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Annual Report 2018 has provided stakeholders with a fairly comprehensive overview on the Company's financial and non-financial information including future prospects. Components such as Management and Discussion Analysis, Sustainability Statement, Corporate Governance Overview Statement and Statement of Risk Management and Internal Control form an integral part of the non-financial information.	
		The Company may consider adopting integrated reporting based on globally recognised framework in the near future.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	In accordance with the recommendations of the MCCG 2017, the Company gives its shareholders at least 28 days prior notice of the Annual General Meeting ("AGM") of the Company.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2
All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<table>
<tr><td>Application :</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">All Directors will attend the forthcoming AGM which is scheduled and approved in advance by the Board before the AGM. Once meeting dates have been fixed, Directors would commit themselves to attending the meetings as scheduled, save for unforeseeable reasons that are beyond their control.

The GCEO and GCFO will also attend the forthcoming AGM and will be available to give response if there are any questions addressed to them.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome
Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3
Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

<table>
<tr><td>Application :</td><td colspan="2">Departure</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2"></td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2">At present, the Company does not leverage on technology to facilitate voting in absentia and remote shareholders' participation at General Meetings as it is currently not cost effective.

In the event the shareholders are unable to attend the general meetings, the Company allows its shareholders to vote in absentia or by proxy, provided that the proxy shall have been appointed by the shareholder himself or by his duly authorised attorney or representative provided further that it is filed at the registered office of the Company at least 48 hours before the general meetings pursuant to the Constitution of the Company.</td></tr>
<tr><td colspan="2">The Company may consider leverage on technology to facilitate more shareholders' participation at general meetings when necessary and at an appropriate time.</td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

Click here to enter text.

Minda Global
Berhad
(1209985-V)

ANNUAL REPORT 2018

mindaglobal.com.my

Vision

To be recognised as a global organisation that builds learning institutions: Inspiring learners to be their best, enabling them to pursue their dreams and contribute to a better world as responsible citizens.

Mission

E

EQUITABLE

Promoting open and equitable access to educational opportunities that empower communities.

A

AFFORDABLE

Providing affordable, quality education that empowers our students to stand head to head with the very best in their fields.

S

STRATEGIC PARTNERSHIPS

Establishing strategic partnerships for borderless education.

E

EXPERIENTIAL

Continuously enhancing the way we teach and educate learners through experiential learning.

Values

C

COMMITMENT

Exceeding stakeholders' expectation with passion and vigour.

A

ACCOUNTABILITY

Being answerable for all our actions.

R

RESPECT

Appreciating diversity and equality.

E

EXCELLENCE

Engaging in the relentless pursuit of continuous improvement.

TABLE OF CONTENTS

CORPORATE INFORMATION
AS AT 29 MARCH 2019

BOARD OF DIRECTORS

General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj. Nordin (Rtd.)
(Independent Non-Executive Chairman)

Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar
(Group Managing Director)

Tan Sri Datuk (Dr.) Rafiah Binti Salim
(Senior Independent Non-Executive Director)

Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar
(Independent Non-Executive Director)

Dato' Tan Choon Hwa @ Esther Tan Choon Hwa
(Independent Non-Executive Director)

Sanjeev Nanavati
(Independent Non-Executive Director)

Maha Ramanathan Palan
(Non-Independent Non-Executive Director)

AUDIT AND RISK MANAGEMENT COMMITTEE

Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar
(Chairman)

Dato' Tan Choon Hwa @ Esther Tan Choon Hwa
(Member)

Sanjeev Nanavati
(Member)

NOMINATION AND REMUNERATION COMMITTEE

Tan Sri Datuk (Dr.) Rafiah Binti Salim
(Chairman)

Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar
(Member)

Sanjeev Nanavati
(Member)

COMPANY SECRETARY

Wong Youn Kim (MAICSA 7018778)
HMC Corporate Services Sdn Bhd
Level 2, Tower 1, Avenue 5
Bangsar South City,
59200 Kuala Lumpur,
Tel No.: (603)-2241 5800
Fax No.: (603)-2282 5022

AUDITORS

Baker Tilly Monteiro Heng PLT (LLP0019411-LCA & AF 0117)
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel No.: (603)-2297 1000
Fax No.: (603)-2282 9980

REGISTERED OFFICE

Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel No.: (603)-2241 5800
Fax No.: (603)-2282 5022

HEAD OFFICE

Level 8, Tower Block, CUCMS Campus
Persiaran Bestari, Cyber 11, 63000 Cyberjaya
Selangor Darul Ehsan
Tel No.: (603)-8800 5295

SHARE REGISTRAR

BoardRoom Share Registrars Sdn Bhd
(formerly known as Symphony Share Registrars Sdn. Bhd.)
Level 6, Symphony House
Pusat Dagangan Dana 1 Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel No.: (603)-7849 0777
Fax No.: (603)-7841 8151/8152

SOLICITOR

Messrs Kadir Andri & Partners
Level 10, Menara BRDB
285, Jalan Maarof, Bukit Bandaraya
59000 Kuala Lumpur
Tel No.: (603)-2780 2888
Fax No.: (603)-2780 2832

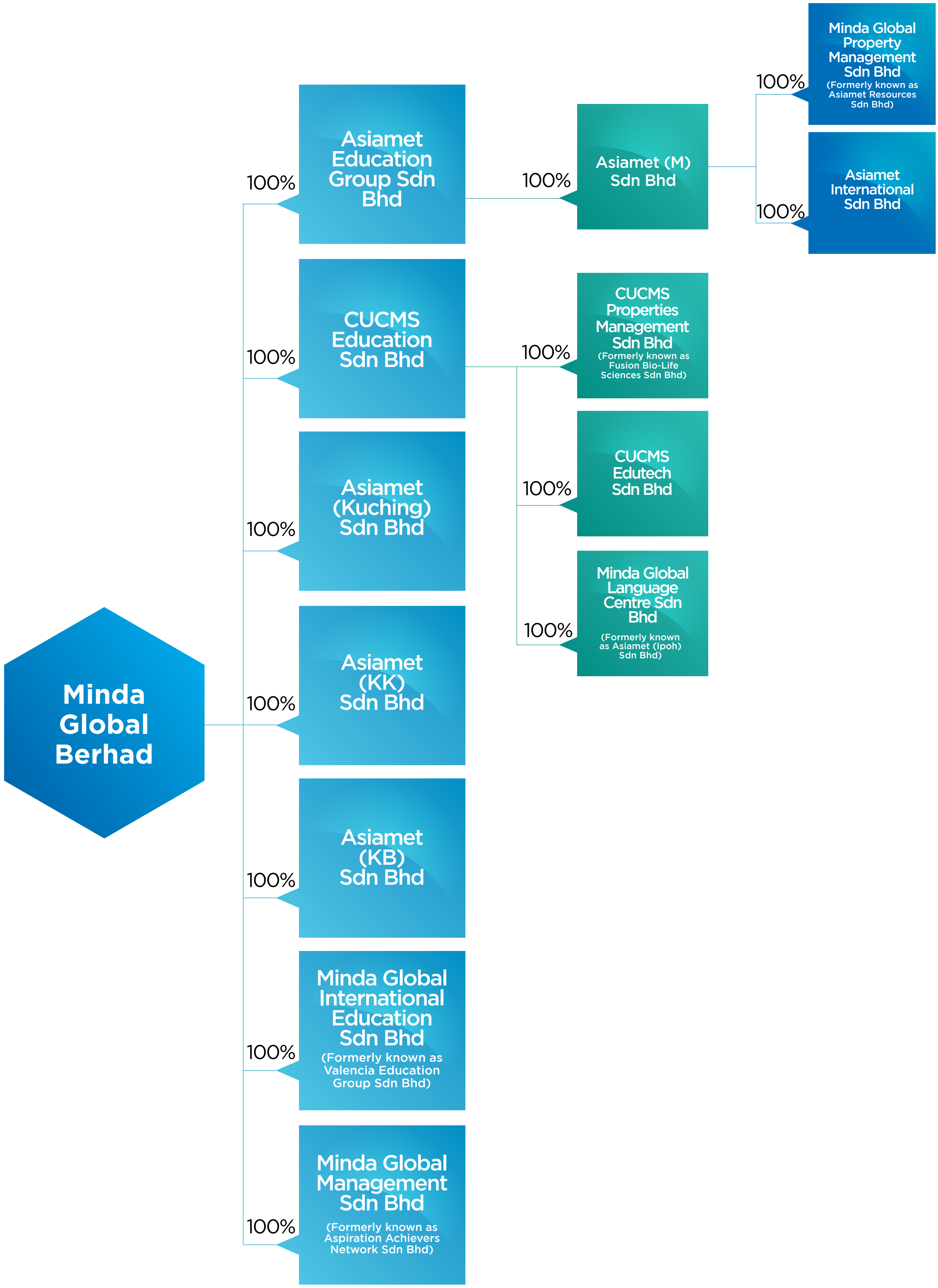
STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Stock Name: MINDA
Stock Code: 5166

Website http://mindaglobal.com.my

CORPORATE STRUCTURE
AS AT 29 MARCH 2019



CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

Minda Global Berhad ("Minda Global") has now completed a full year as a public listed entity and as one of Malaysia's leading integrated private education provider. On behalf of your Board of Directors ("Board"), I am pleased to share with you that Minda Global and its subsidiaries ("the Group") has remained focused on its mission of inspiring learners to be their best and enabling them to pursue their dreams so that they can contribute to a better world.

Much has happened in 2018, as the Management continued to steer a challenging turnaround operation for our Asia Metropolitan University ("AMU") brand while also stepping up investments into the Cyberjaya University College of Medical Sciences ("CUCMS") brand, all against a backdrop of an uncertain economy.

At a glance, you will notice that the Group's financial performance has yet to hit the mark, however dive deeper into our reports and strategic initiatives and you will find a wealth of opportunities that is just waiting to be fully developed. The challenge ahead of us will be on how the Group unlocks these potentials.

In the higher education segment, our institutions have achieved an impressive 83.8% growth in new student enrollments for 2018 compared to 2017. This is despite the increase in competition across the private higher education industry.

Our foray and continued investments into the international segment has also seen positive returns as our international new student enrollments increased by 86.1%. The Group will continue to engage new opportunities to develop transnational education offerings to further improve revenue streams.

You may wonder how this growth translated into revenue. Our Group revenue has grown from RM19.8 million in 2017 to RM90.9 million in 2018, a whopping 359.1% growth which is mainly attributed to the addition of CUCMS to the Group. Although the Group has yet to turn profitable, we are most definitely on the road towards success as our LBITDA has improved from RM21.4 million in 2017 to RM7.9 million in 2018.

In the pages ahead, you will also read on how the Group has stepped up its game in terms of customer acquisition while diligently allocating resources into initiatives that will have promising returns in the near future.

To address current and future expected challenges, the Management has strategically increased investments in key areas including campus facilities, technology as well as new product development to help our institutions to improve their market positioning. We are already seeing favorable returns on some of these, details of which the Management has shared in this Annual Report.

In terms of Governance, your Board has remained focused and committed to our responsibility. We have overseen the launch of risk management training and initiatives that will ensure your investments in our institutions are managed wisely.

I am happy to welcome Mr Maha Palan as a Non-Executive Director to the Board. I am confident that his unique blend of youth and experience in the investment management industry will prove invaluable towards both overseeing our continued turnaround efforts and achieving our strategic milestones in the long term.

Adding to this, the Board believes that in order to achieve our mission and remain sustainable, the Group needs the right talent to develop and execute a robust strategy. With that in mind the Board has further strengthened the Management team to guide the organisation towards financial sustainability.

We have only just recently appointed Mr. Naresh Alagan ("Mr. Naresh") as the Group Chief Executive Officer. A highly experienced business leader, the Board believes that Mr. Naresh is an ideal candidate to help Minda Global achieve synergy and efficiency across all our institutions. Mr. Naresh is reporting to Tan Sri Dato' Dr Palan, our Group Managing Director. To support Mr. Naresh, we have Dato' Hj Abd Rashid bin Hj Mohd Sharif as the Group Chief Regulatory Officer and Mr Lai Swee Sim as the Group Chief Financial Officer.

Our individual institutions are ably headed by Prof. Dato' Dr Mohd Abdul Razak as President of CUCMS, Prof Dr Mohamed Khan as Vice Chancellor of AMU along with the respective Chief Executives of the colleges and our school.

Before I end, I would like to thank all our employees who have remained loyal and dedicated to our Group through both tough times and good times. As a knowledge company, our assets are our employees and their dedication is the cornerstone of our institutions.

I would like to also express my appreciation to you, our shareholder, for your continued trust in the Group and our mission.

Rest assured that your Board will work closely with the Management team as we turn the Group around and cement our position as a leading education service provider in Malaysia and the region.

Thank you.

General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj Nordin (Rtd)
Independent Non-Executive Chairman

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW OF MINDA GLOBAL GROUP

Local and international new student enrolments increased by an impressive 83.8% amidst a very uncertain global and regional economy. LBITDA improved by 63.1% from the previous year. Despite the improvement, share price remained at its lowest. However, a look beyond the curve will suggest a vastly improved performance. This is the story of Minda Global Berhad ("Minda Global") and its subsidiaries ("the Group") for 2018.

On the one hand, we continued to build great learning institutions that we hoped will exceed the expectations of all our stakeholders despite the challenging starts and problems that we inherited. Our institutions were rated favourably by the relevant agencies. Cyberjaya University College of Medical Sciences ("CUCMS") maintained their SETARA 5 star rating, Asia Metropolitan University ("AMU") had a SETARA 3 star rating for the first time, the colleges in Kuching and Kota Kinabalu achieved a MyQuest rating of 4 stars, again for the first time. The International School managed to achieve several notable successes. On the other hand, the costs to maintain academic standards kept rising, and the financial results were still not up to our expectations.

1

83.8%

Increase in new student enrolments compared to previous year

*Higher education segment

2

86.1%

Increase in new international enrolments compared to previous year

*Higher education segment

3

63.1%

Improvement in LBITDA compared to previous year

4

78

Programmes open for enrolment

*Higher education segment

In the face of such difficult times, the Group's financial results may seem disappointing on the surface. The most pressing question on everyone's mind during 2018 was: "will we ever buck this trend and show positive results." The truth of the matter is we have survived some very difficult times in a volatile period with disciplined focus and action. The resolute determination of Minda Global to build learning institutions helped us sail through some very turbulent waters. The losses have been greatly reduced and in medical terms the haemorrhaging has been stopped. In spite of the massive challenges, we have not stopped in investing in great academic talent, new programmes and facilities which are all absolutely necessary to achieving our Vision and Mission. Throughout the tumultuous year, we have been steadfast in our belief that our student experiences and the graduating quality of our students will drive the success of the Group in 2019 and beyond. Our brand new campus in Cyberjaya and its facilities is just the start.

MANAGEMENT DISCUSSION & ANALYSIS
(Continued)

While we were not alone in this bearish market, we managed to outperform some of our peers and continued to succeed in implementing difficult decisions for the long-term success of the Group. Knowing that education is a long-term investment, we had to continue investing in remaining relevant in a fast-changing market and at the same time make very difficult decisions during the year. Our cost-cutting measures included letting go of some employees and cutting back unnecessary expenditure to ensure that the Group embraces leaner operations. The legendary boxer Muhammad Ali once famously said: 'Float like a butterfly, sting like a bee. The hands can't hit what the eyes can't see'. The implementation of cost cutting was painful, but these measures were essential to lightening our business in order to give us clarity of purpose and singularity of focus so as to deliver our targets without compromising on student experience and employee engagement.

The most meaningful achievement in 2018 was to put in place the building blocks of a great organisational culture, institutionalise the vision, mission and values of the organisation, invest in academic excellence and quality, create an unparalleled learning experience for students and emphasise cost consciousness and productivity. We are confident that these initiatives will allow the Group to regain its profitability for sustainable business operations in the near term.

It's already bearing fruit with the team delivering a significant record jump in total Group revenue from RM19.8 million in 2017 to RM90.9 million in 2018 which is mainly attributed to the addition of CUCMS to the Group, with LBITDA improving from RM21.4 million in 2017 to RM7.9 million in 2018.

Cyberjaya University College of Medical Science (CUCMS)
CUCMS, the pride of the Group, relocated in 2018 to a 5-acre eco-friendly campus in Cyberjaya, Malaysia's first smart-city. The state-of-the-art campus provides an unparalleled student experience. It is built to accommodate 8000 students; the campus provides an ideal environment for living and learning.

CUCMS has been consistently rated highly for the excellent quality of the Medical and Pharmacy Faculty. Both our Medical and Pharmacy Faculties were rated among the top-tier in Malaysia by the Malaysian Qualifications Agency when it last performed a discipline-based D-SETARA ratings exercise.

CUCMS, an ISO9001:2015 certified organisation, currently offers 26 programmes, including Bachelor's degrees, Master's degrees and Doctorate level postgraduate research courses in a wide variety of disciplines, such as medical sciences, pharmaceutical sciences, psychology, physiotherapy, homeopathic medical sciences, occupational safety, business and biomedical engineering technology. Several CUCMS programmes are also accredited by international bodies such as overseas Medical Councils.


Cyberjaya University College of Medical Sciences (CUCMS)


Asia Metropolitan University (AMU)

Asia Metropolitan College (AMC) Kota Kinabalu


Asia Metropolitan College (AMC) Kuching

MANAGEMENT DISCUSSION & ANALYSIS (Continued)

CUCMS witnessed an encouraging 53.7% increase in new student enrolments and a 71.8% increase in international student enrolments in 2018.

Asia Metropolitan University (AMU)
AMU with campuses in Kuala Lumpur and Johor Bahru is focused on continuous improvement and has graduated to date over 25,000 students since 2001.

AMU is an ISO 9001:2008 certified institution that offers 30 comprehensive programmes, ranging from foundation and diploma studies for post-secondary school students to Bachelor's, Master's and Doctoral degree programmes in the areas of Medicine, Nursing, Healthcare Management, Business Administration, Teaching Methodology and more. Several AMU programmes are accredited by international bodies as well such as overseas Medical Councils.

AMU witnessed an encouraging 114.2% increase in new student enrolments, whereas its flagship MBBS programme saw a 62.5% increase in enrolment in 2018.

The university initiated during the year several critical steps to develop new programme disciplines.

Asia Metropolitan Colleges (AMC)
AMC Kota Kinabalu is a market leader for healthcare education in Sabah having been awarded a 4-Star (Very Good) rating by the Ministry of Education under its college-based MyQuest ratings framework. The college was also classified as a 5-Star institution under the Health & Welfare cluster of MyQuest.

The college offers 9 programmes in the areas of healthcare and started enrolment for Foundation programmes as a feeder to CUCMS and AMU.

2018 saw a 41.1% increase in student enrolments driven by improved sales performance on the back of greater institutional recognition of academic quality and student experience.

AMC Kuching on the other hand is a leading MyQuest 4-Star (Very Good) rated college in Sarawak. In 2018, there was a tremendous 10-fold growth of 921.6% in new student enrolments. This was largely due to the significant improvements made to the sales team and the synergies developed through a concerted group & regional marketing strategy. The college offers 9 programmes, including Foundation programmes as a feeder to the universities.

Asia Metropolitan College Kota Bahru has consolidated its programme offering to focus on 4 diploma programmes in allied health science.

Asia Metropolitan International School (AMETIS)
AMETIS, a fully accredited Cambridge International School and Cambridge International Examinations centre, offers primary Year 1 to A Levels studies. The newly expanded campus sited on our own property in Ipoh can accommodate up to 800 students. Being an international

KEY HIGHLIGHT

Cyberjaya University College of Medical Sciences — Nurturing the Passion to Care — DKU003(B)

53.7%
Increase in new student enrolments at CUCMS compared to previous year

71.8%
Increase in new international enrolments at CUCMS compared to previous year

Cyberjaya University College of Medical Sciences — Nurturing the Passion to Care — DKU003(B)

Asia Metropolitan University — Empowering Future Leaders — KPT/JPT/DFT/US/B 37

114.2%
Increase in new student enrolments at AMU compared to previous year

62.5%
Increase in new MBBS programme intake at AMU compared to previous year

Asia Metropolitan University — Empowering Future Leaders — KPT/JPT/DFT/US/B 37

Asia Metropolitan College K.U.C.H.I.N.G

921.6%
Increase in new student enrolments at AMC Kuching compared to previous year

41.1%
Increase in new student enrolments at AMC Kota Kinabalu compared to previous year

Asia Metropolitan College K.O.T.A K.I.N.A.B.A.L.U

MANAGEMENT DISCUSSION & ANALYSIS
(Continued) - 2018 STRATEGY AT A GLANCE

THRUST 1 — STRENGTHENING PATHWAY PROGRAMMES

Identifying low-cost programmes that serve to build a future pipeline to high-value degree programmes

THRUST 2 — DIVERSIFYING PROGRAMME OFFERINGS

Identifying and developing programmes in new disciplines with high growth potential

THRUST 3 — EXPANDING INTERNATIONAL REACH

Increasing international enrolment across new market regions

THRUST 4 — BUILD SMART PARTNERSHIPS

Engaging capable partners to develop and deliver programmes across borders at a lower operating costs

THRUST 5 — MULTI-PRONGED MARKETING & SALES STRATEGY

Enhancing marketing and sales activities through better utilisation of technology to create a multiplier effect

THRUST 6 — RATIONALISING PROGRAMME OFFERINGS

Conducting a review and analysis of all active programmes to identify future growth potential and down trending programmes

THRUST 7 — REPOSITIONING FOR A HIGHER VALUE PROPOSITION

Investing in selected facilities to attract higher value market segments

THRUST 8 — CONSOLIDATING FOR GROWTH

Identifying areas for consolidation to reduce operating costs and improve profitability

MANAGEMENT DISCUSSION & ANALYSIS
(Continued)

school, its environment promotes the sharing of cultures, experiences, opportunities and aspirations. AMETIS is non-denominational and multicultural. In 2018, our students were given opportunities to engage in international community services. Our students and teachers come from diverse backgrounds reflecting the international spirit of unity and collaboration.

Strengthening Pathway Programmes

We have placed great emphasis on strengthening pathway programmes that are offered in our institutions. Programmes, such as Foundation and Diploma programmes, serve as pathways to high-value degree programmes. By focusing on these programmes, we were able to increase the enrolment into Foundation programmes at both CUCMS and AMU. The Foundation programmes have also been launched in AMC Kota Kinabalu and AMC Kuching. This has resulted in the growth of enrolments into the Diploma programmes in business, healthcare, psychology, and occupational health and safety as a feeder into respective degree programmes in the future.

This initiative in 2018 resulted in:

1. Our Foundation programme enrolments across the Group increasing by 32.1% in 2018 driven largely by improved awareness of teaching quality and student experience with a targeted pricing strategy;
2. Our Diploma programme enrolments increasing by 201.7% in 2018, driven largely by improved awareness and marketing; and
3. The increase in the enrolment into Foundation and Diploma programmes is projected to increase the number of enrolments into the corresponding degree programmes in the following years.

Diversifying Programme Offerings

An innovative initiative that we executed in 2018 was diversifying programme offerings. We intended to diminish our reliance on the pure healthcare sector by developing new programme disciplines, such as Accounting, IT, and Computer Science in AMU, as well as Diploma and Degree programmes in Business at CUCMS. Although we incurred an increase in development cost in 2018, we forecast higher student enrolment in subsequent years in all of the new programme offerings.

Scholarship Programmes

In FY2018, we announced good news to the student market. We developed a scholarship programme that bridged the financial gap between the funding students received from PTPTN/other agencies and our fees. The scholarships will continue to benefit students from the B40 group who appear to be heavily reliant on PTPTN. Our Scholarship grant amounted to RM8 million in 2018.

Yayasan Palan

Yayasan Palan is an educational non-profit foundation founded by our Group Managing Director, Tan Sri Dato' Dr. Palan. This philanthropic programme was founded with the goal of providing financial assistance to young disadvantaged individuals to achieve their education goals so as to empower these individuals with the tools necessary

Minda Global Berhad (1209985-V)

MANAGEMENT DISCUSSION & ANALYSIS (Continued)

to break free from the cyclical trappings of poverty. Many students of our universities have benefited from the scholarships provided by Yayasan Palan since 2015.

International students
In order to provide a holistic international learning environment in the programmes that we offer, we reached out to the international market. Expanding international reach was among many initiatives that aimed to integrate competitiveness and values in our programmes whilst building multi-cultural and diversified learning institutions. Under this initiative, we increased our investments on agent networks and international education fairs to explore new countries for recruitment potential. By synergising the Group operations in marketing and sales across our institutions, international student enrolments were successfully increased by 86.1%. Our marketing spending in 2018, which increased by 15.2%, resulted in a greater number of diversified international enrolments from more than 30 countries in the Middle East, Sub-Sahara Africa, South Asia and our neighbours, including Brunei and Indonesia.

Smart Partnerships
In 2018, our transformation initiatives extended beyond the Group. We sought avenues to build smart partnerships with reputable institutions. We successfully engaged with institutions in Nepal, Sri Lanka, Maldives, Indonesia and Saudi Arabia.

Multi-pronged Marketing & Sales Strategy
Our 2018 transformation regime was also expanded by the launch of a multi-pronged marketing and sales strategy via digital media. We invested in digital marketing for AMU by consolidating the digital operations at the Group level, and we increased spending on digital marketing for CUCMS. We enhanced the training and usage of sales enablement solutions to teach the team how to track sales leads and key metrics effectively. Through this initiative, we utilised marketing automation to improve the sales conversion rate. Accordingly, we have started seeing the positive impacts of our investment on digital marketing tools in our enrolment numbers.

Rationalising programmes
Whilst we embarked on innovations in front-line activities, our transformation initiatives also included rationalising programme offerings in all of our institutions. Our team places emphasis on improving the quality of core programmes that facilitate graduates with higher employability in order to increase student enrolment which leads to improved operational profitability. The goal was to improve cost efficiency and academic delivery of existing programmes. This initiative will carry into 2019 so that we can optimise the returns from the programmes offered by our institutions.

Repositioning
In 2018, we also embarked on a remarkable initiative to expand our market base, that is, we greatly emphasised the need for our repositioning for a higher value proposition. We planted investments for upgrading CUCMS facilities to reposition the campus to target the T20 market with additional higher-value features. The goal was to become a University of Choice. This facility upgrading endeavour included a RM40 million capex expenditure on the new campus in Cyberjaya. The modern and trendy campus facilities repositioned CUCMS as an attractive environment for students from the T20 market. This initiative produced immediate impact within FY2018. Total new student enrolment saw a 53.7% increase in 2018, whereas the number of non-PTPTN reliant Malaysian students increased by 30.5%. This initiative has brought us closer to achieving our Mission, in that the Group's colleges and universities are now the preferred choice of the B40 through T20 markets for tertiary education. The win-win strategy elevated our Cyberjaya campus to a world-class environment that features a plethora of amenities, ranging from food and beverage to a medical centre, amongst other outstanding student services.

Consolidation
Our Transformation initiatives also support the back end operations with consolidation for growth. We have begun the initiative of relocating selected AMU programmes from Cyberjaya and Cheras to the JB campus. The JB campus has a close proximity to Singapore and the southern Malaysian market. This campus is nearby a scenic lake, complete with amenities and equipped with accommodations that offer a great atmosphere and exceptional facilities for students. Through this consolidating initiative, we managed to reduce the operational cost of AMU by RM4 million annually.


Front Entrance,
Cyberjaya University College of Medical Sciences (CUCMS)

MANAGEMENT DISCUSSION & ANALYSIS (Continued)

Operational improvements will progress in 2019 across the business through the enhancement of systems and processes, the centralisation of support services and the adoption of improved measures for teaching productivity.

What's in store for Minda Global's Future

The business has further enhanced the separation of powers and functions between the Management, the Board and the shareholders with the appointment of a new Group CEO, Mr. Naresh Alagan. Mr. Naresh was formerly the Chief Executive Officer (CEO) and Executive Director of Air Asia Global Shared Services (AGSS), overseeing more than 350 professional staff who provide financial, people, IT and business support to the Air Asia Group. Mr. Naresh also previously worked with PriceWaterhouseCoopers (PwC) Advisory, Maxis Communications Berhad and the University of Sydney in Australia. He is a qualified Accountant (CPA Australia), Solicitor (NSW Supreme Court, Australia) and has a MBA from the University of Technology Sydney among other degrees. His 25-year experience in corporate life includes corporate strategy, business planning, performance improvement, change and transformation, financial restructuring, treasury operations and merger integration. Mr. Naresh now leads the Management team and reports to the Group Managing Director, Tan Sri Dato' Dr. Palan.

In 2018, the Board appointed several senior Management leaders. Mr. Lai Swee Sim joined the Group in January as our Group Chief Financial Officer. Mr. Lai is a Chartered Accountant and Certified Public Accountant. He started his career as an auditor in 1990 with Arthur Andersen & Co. Mr. Lai has served with Sateras Resources Berhad and later with the Sapura Group where he spent 13 years.

We are also honoured to have renowned academics head our institutions. Prof. Dato' Dr. Mohd Abdul Razak as the President of CUCMS. He served as the Orthopaedic (Spinal) Surgeon and former Director of Hospital University Kebangsaan Malaysia, and former Deputy Vice Chancellor of University Kebangsaan Malaysia. Prof. Dato' Dr. Razak is a well-respected veteran in the orthopaedic industry. He also serves as the Chairman of Research and Development for the Advisory Panel of Delphax Sdn Bhd.

Prof Dr. Mohamad Khan as the Vice Chancellor at AMU. Prof Dr. Mohamad Khan has many years of experience in the delivery of the academic and operational functions of the University, ensuring strong alignment to the mission, vision, aims and objectives. He is also an expert in occupational health and safety management and has had a vast experience in the field of education and academics.

Dato' Hj Abd Rashid bin Hj Mohd Sharif as the Group Chief Regulatory Officer, managing government liaison, partnerships and compliance. Dato' Abd Rashid has more than 25 years of experience in the education industry, having served in various roles including as the former Deputy President of Asia Metropolitan University overseeing Corporate Governance, Quality Compliance & Student Affairs. Dato' Abd Rashid was previously the Chief Operating Officer of DRB HICOM University of Automotive Malaysia.

Mr. Kalaiarasu Malayandi as the Group Head of Sales. He began his career as a consultant with several technology consultancy firms, including Tech Mahindra and Accenture whilst working on projects for clients such as the Ministry of Health in Singapore and the oil giant Shell. He currently serves also as Bursar of Cyberjaya University College of Medical Sciences, where he oversees all financial, strategic, commercial, and business development matters.

Mr. Jullian John as the Senior Manager of Group Corporate and Marketing Communications. Jullian is a graduate of Northumbria University, UK, and holds a MBA from Victoria University, Australia. He has over 13 years of experience in corporate projects, communications, and branding and almost 10 years of working in the higher education industry. He previously served under the UCSI Group, YTL Land & Development and YTL Cement in a corporate affairs role, and joined SMRT Holdings Berhad in 2015.

The new team of professionals bring with them years of experience in education and other industries which will contribute significantly to the Group in the coming years.

The new structure allows the professional Management team to focus on strengthening business growth through efficient day-to-day operations and enhanced revenue streams with oversight, governance and direction provided by a strong Board.

The benefit to the shareholders of these changes is a structurally robust organisation driven to excel with transparent performance and governance at the epicentre of their focus. These changes to the management structure is designed to complement and drive our other initiatives embarked to complete our transformation into a strong and robust regional educational powerhouse.

The Board and the Management are encouraged by the positive outcomes resulting from the implementation of the transformation strategies in our business endeavours in 2018, which has brought the Group closer to achieving its Vision and Mission.

As part of our transformation initiatives, a Strategic Planning and Oversight Committee has been established in 2019 where members of the committee are appointed by the Board. The Board has tasked a member of the Board, Mr. Maha Palan to chair the committee along with key management team members. Their key functions include overseeing the Group's turnaround efforts; defining strategic goals and guidelines of business development and assessing the Group's long-term performance. The committee is also accountable to the Board over assurance of strategic and business planning initiatives along with definition of the Group's policies and protection of shareholders' interests.

Minda Global Berhad (1209985-V)

MANAGEMENT DISCUSSION & ANALYSIS (Continued)

With the Strategic Planning and Oversight Committee and a professional management team, our transformation exercise will persist until our books are in the 'green' and have become strong in the 'green'. Consistent quality improvement will be a key strategy at all levels and in all areas to ensure that all of our campuses are aligned with our Vision and Mission. We will continue to seek ISO certification in our operations and strive to achieve MOE and international accreditations to elevate the quality and standard of our programmes. We have started highlighting artificial intelligence (AI) and technology education programmes, thereby gearing the Group to be an online education and technology education player in the region.

The Group will keep on engaging in meaningful initiatives to reach out to the community to stay relevant to society and our potential students. Our philanthropic motto has always been to align with our Vision to inspire learners to be their best, pursue their dreams and become responsible citizens for building a better world, a better Malaysia. Our core student groups originate from B40 and M40 groups, who are more likely to stay in Malaysia and are therefore more involved in building a better future for Malaysia.

We instil this core belief amongst our students by integrating a volunteerism element into their curriculum. Every year, our medical and health science students form a contingent of cross faculty volunteers to raise funds and to bring medical aide and other assistance to poor rural communities outside Malaysia. These student volunteers reach out to communities impacted by natural disasters such as floods and earthquake victims in Nepal and Bangladesh, as well as poor villages in Laos and Indonesia.

Other outreach activities include visitations to villages and rural townships in Malaysia to raise awareness on health and medical treatment as part of the "Karnival Mesra Ubat" programme.

The Board and the Management are also proud of the achievement of Kelab Penyayang, a student-run CSR programme that became the overall winner for the Ministry of Education's Volunteerism Cup 2018.

Our approach of nurturing holistic students has made CUCMS the first private university emerging twice in a row as the champion of the National Pharmacy Sports Carnival, an inter-university tournament represented by the likes of USM, UiTM and more.

We were delighted to have one of our Occupational Safety & Health students, Nur Dhabitah, win a Silver and two Bronze medals at the Asian Games 2018 diving competition; and two bronze medals at the Commonwealth Games 2018 Diving Competition. We are proud to have a national athlete who represented Malaysia in the international sports arena as part of our student community.

The Board and the Management of Minda Global Group is confident that our market positioning strategy and transformation initiatives are shifting the Group towards a profit-making trajectory. The budding sustainable Group performance with diversified and increased enrolment in our institutions and with the higher capacity of new campuses are the keys to our growth and expansion. Our objectives are to become an employer of choice and for sustainable business operations that balance the interests of all our stakeholders including our students, teachers, shareholders and the community. In summary, our transformation aims to make Minda Global a great place to work, live, play and learn.

Champion of the National Pharmacy Sports Carnival

CUCMS Kelab Penyayang, overall winner for the Ministry of Education's Volunteerism Cup 2018

Nur Dhabitah Sabri, CUCMS student and national diver

SUSTAINABILITY STATEMENT

2018 HIGHLIGHTS: THE YEAR AT A GLANCE

11
Shuttle Buses

5,064
Student Enrolments

RM8
million Scholarships

78
Programmes Offered

967
Hours of Training Programmes

Over **60**
Student, Parent and Community Engagements

88
Local and International Partners

1,243
Graduates

SUSTAINABILITY STATEMENT
(Continued)

Minda Global Berhad's ("Minda Global") commitment to sustainability is anchored to our Vision and Mission. Our Core Values are the principles that drive our journey towards becoming responsible citizens and realising our Vision. By espousing these values, we ascertain the impacts that we impose and consequently undertake measures that can positively contribute to and enhance the Economy, Environment and Society (EES).

ABOUT THIS STATEMENT

As a demonstration of Minda Global's commitment to operate as a sustainable organisation, we are pleased to present our inaugural Sustainability Statement. In this statement, we report on our EES initiatives for minimising the negative impacts whilst maximising positive ones in the communities where we serve and operate.

Reporting Guideline: Sustainability Reporting Guide by Bursa Malaysia Securities Berhad ("Bursa Securities")

Scope and Boundary: This report covers the entire domestic operation of the Group.

Reporting Period: This statement enumerates our ESS activities from 1 January 2018 to 31 December 2018.

Reporting Cycle: Annually coinciding with our Annual Report

Engage with Us: We appreciate hearing about your feedback and comments. Please contact us at IR@mindaglobal.com.my

MATERIALITY

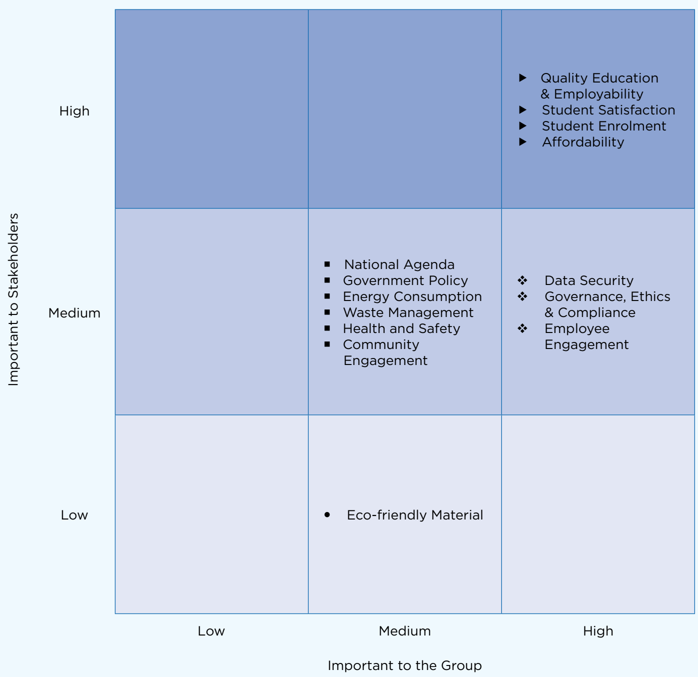
In compliance with the Bursa Securities' Sustainability Reporting Guide, we conducted our first materiality analysis, which was based on the surveyed responses of our stakeholders, meetings with the management and on the mapping of our Group's material issues. In our materiality assessment, we identified the EES issues that presented either risks or opportunities to Minda Global and its subsidiaries ("the Group"), and we addressed those that pressingly concerned our stakeholders.

Materiality Analysis

To determine the Group's material concerns, we piloted our first materiality workshop. The Heads of Departments ("HODs") identified lists of issues and stakeholder groups which may exert significant impacts on our business and operations. The identified issues were weighted according to priority as determined by the HODs as well as the stakeholder groups and subsequently reviewed by the top management.

Materiality Matrix

The outcome of the analysis was used to develop a materiality matrix. The EES impacts on the Group and their influence on stakeholder assessments and decisions are illustrated below:



Each issue's level of importance to the Group is plotted along the X-axis, whereas its level of importance to our stakeholders is plotted along the Y-axis.

The sustainable aspects that are of utmost importance to our stakeholders and our group are Quality Education and Employability, Student Satisfaction, Student Enrolment and Affordability.

The least important issue is the use of Eco-friendly Materials. Our campuses do not exert a significant impact on carbon footprint on the environment. Therefore, Eco-friendly Materials do not carry much weight in our attention at present.

Nevertheless, we do expect this to be addressed as we continue our operations in the future and pay more attention in being an organisation that cares about the use of resources in a responsible and sustainable manner.

SUSTAINABILITY STATEMENT
(Continued)

STAKEHOLDER ENGAGEMENT

Our Approach: *"The Board should ensure that an effective, transparent and regular communication is maintained with the stakeholders."*

To improve the performance of our organisation as well as identify and monitor the concerns and needs of our stakeholders, we keep a record of key stakeholders to whom we engage and respond consistently. We believe that a year-round interaction with all stakeholders will provide a platform through which they can communicate their concerns when they desire rather than wait for the next scheduled communication event.

The table below shows the list of our stakeholders, their concerns and the actions that we have taken to respond to the matters important to each group.

Stakeholder	Concern	Response
Students and Parents	Cost	Scholarships and PTPTN
	Academic Performance	Student progress report is communicated each semester, with face-to-face communication if required.
	Health and Safety	Security measures in the campus and in the hostel/ residence.
Future Employers	Quality	Complying to Ministry of Education (MOE) audits and inspections, ISO 9001 certification and partnerships with international universities.
	Employee Competencies	ICT knowledge, balanced emotional quotient (EQ) and IQ competencies
Government Regulators	Accreditation and Requirements	Submission of new programmes and renewal of accreditation
	Employability	Courses are geared towards the 21st century job market.
Sponsors	Uplifting of B40 and M40 Groups	Ensure that quality and relevant subjects are offered. Monitor enrolment and student retention.
Investors/Financiers	Transparent and Timely Reporting	Upload latest financial results and announcements on the Company website. Whistle Blowing Policy
Suppliers/Contractors	Contract Terms	Fair renewal and evaluation of contractors and vendors
Employees	Career Advancement	Performance evaluations and career development training.
Non-Governmental Organisation/Community	Collaboration	Engage with NGO and the community through relevant and meaningful projects.

SUSTAINABLE GOVERNANCE

Minda Global's commitment to carry out the EES objectives is enshrined in Minda Global's Board Charter. The Board is chiefly accountable for integrating and driving the sustainability in our Group as well as for ensuring that the management recognises and addresses the obligations arising from the EES stakeholders impacted by the Company's operations.

The Group CEO ("GCEO") was appointed by the Board to lead the management in monitoring and implementing sustainability-related strategies as well as in coordinating with and providing support to various departments in the identification, management, implementation and monitoring of material sustainability issues.

To ensure that sustainability is embedded in the strategic direction of our business, the GCEO and the top management regularly update the Board. In turn, the Board regularly reviews and reassesses whether existing strategies are in keeping with the current best practices. Moreover, the Board is tasked with recognising and taking advantage of opportunities as well as overcoming material sustainability risks and challenges.

The Group's Risk Management and Internal Control Framework includes systems for evaluating and monitoring whether the Company's policies and practices are in compliance with legal and regulatory requirements.

SUSTAINABILITY STATEMENT
(Continued)

To emphasise our commitment to operating our business in a sustainable and responsible manner, we will endeavour to organise and develop resources in addressing the components of EES relevant to our organisation. We are looking forward to more robust and comprehensive sustainability practices that are capable of meeting the challenges, needs and expectation of all our stakeholders.

Business Ethics
Our Employee Handbook guides our employees in their conduct and responsibilities and doing business in an equitable and just manner. We have established a Whistle Blowing Policy which is open to all parties who wish to provide information related to a reasonable belief that an improper activity has occurred.

SOCIAL: STUDENTS
Our Approach: *''Providing affordable, quality education that allows our students to stand head to head with the very best in their fields''*

Minda Global, together with our best educators, is privileged and proud to have contributed and helped the next generation in nation building and creating a better future for everyone. True to our mission, we provide access to education that allows our students to stand head to head with the very best in their fields.

Quality Education
Our progress as a nation is hugely dependent on the quality of our education system. With that in mind, we have undertaken steps in ensuring that all of our campuses can extend the best possible support.

Our university programmes are fully accredited by the Malaysian Qualifications Agency (MQA). Our commitment to quality can be attested by our ISO 9001 and Ministry of Higher Education (MOHE) Setara accreditations and further augmented by our partnership with international universities and affiliated colleges.

Cyberjaya University College of Medical Sciences (CUCMS) is a top healthcare university that has been accorded with a SETARA Five-Star Rating (Excellent), which is in par with leading public universities.

Asia Metropolitan College Kuching and Kota Kinabalu have established themselves as leading private institutes of higher learning in East Malaysia. Both were recently awarded a Four-Star Rating (Very Good) by the Ministry of Higher Education Malaysia as part of the Malaysian Quality Evaluation System for Private Colleges (MyQuest).

Asia Metropolitan International School (AMETIS) is a registered Cambridge International School and provides quality primary, secondary and A-levels international education. Its curriculum is based on the Cambridge International programmes of study and is modelled closely after the UK National Curriculum for England & Wales. Students are assessed based on the Cambridge International Examinations.

Asia Metropolitan University (AMU) is committed in delivering recognised educational and training programmes that satisfy the customers' expectations by continually improving the system and adopting high quality standards.The University has achieved a SETARA Three-Star Rating. It has been ISO 9001:2008 certified since 2008 and is now in the midst of upgrading to ISO 9001:2015.

Our institutions are recognised by the Association of Commonwealth Universities and listed on the International Association of Universities' World Higher Education Database.

5 SETARA-2017 University College

4 Ministry of Higher Education Malaysia MyQuest 2016/2017 VERY GOOD College based

CAMBRIDGE International Examinations Excellence in education

The Association of Commonwealth Universities

Equitable Education
Mission: *"Promoting open and equitable access to educational opportunities that will empower communities"*

We are cognisant to the importance of enacting real changes to improve the chances of the youth of all backgrounds. We believe that every individual is entitled to be nurtured with an education of international standards and be unleashed with the skills to compete globally.

SUSTAINABILITY STATEMENT
(Continued)

Sponsors
In line with our mission to provide equitable access to educational opportunities, we have collaborated with various NGOs and foundations (Skola Fund, Indus Education Foundation, Yayasan Peneraju Pendidikan Bumiputera), government agencies (JPA, PTPTN& MARA) as well as financing institutions (AFFIN Bank &OCBC Bank) to provide various third party education funding opportunities.

Our institutions have also developed various scholarships and financial aid packages such as:-

- Yusof Ishak Scholarships, which were developed in collaboration with Kumpulan Utusan Malaysia
- CUCMS Bursary awards, which are given to deserving students from low-to-middle income families
- CUCMS Merit Entry Scholarships, which are offered to students with excellent academic standing
- AMU MBBS Bursary Awards, which were aimed at creating an equitable access to medical education
- Yayasan Palan Scholarships, which provide financial aid to students from underprivileged groups

Student Diversity
We recognise the uniqueness of each student in all of our campuses, and although it maybe difficult to create a balanced diversity in the student population, we celebrate their diverse religious, cultural and economic backgrounds.

Our nurturing spirit brings out the best in every student, promoting unity, harmony and shared values amongst everyone.

The Festival of Culture and Art and unity celebrations such as Ramadhan Cultural Festival, Ponggal Celebration & “Kollam” competition, and Mid-Autumn & Cultural Month help foster a sense of pride and appreciation for the different backgrounds and ethnicities of our students.

Student Gender Diversity	
Male	1,856
Female	3,077

Conducive Campus Community
In all of our campuses, we cater to the students’ need to study in a conducive learning environment.

Health and Safety
We aim to create a healthy and safe environment for our students by providing the following amenities:
- Healthy canteen food
- Cigarette smoke-free
- 24-hour security
- Well-lit parking areas
- Traffic enforcement

Inspiring Place to Learn
- Surrounded by lush greenery
- Well-stocked library
- Student lounge for meetings and relaxation
- Modern learning laboratories and lecture rooms
- Advanced technology and digital tools
- Sports facilities (basketball, badminton courts, futsal field)
- Auditoriums

Suggestions and Surveys

Suggestion Box: We welcome student’s and parent’s constructive feedback on campus facilities programmes and teaching & learning, which they can convey through suggestion boxes, surveys, emails to the Principal and evaluation forms.

SUSTAINABILITY STATEMENT
(Continued)

Grievance Mechanism: All employees, students and members of the public are provided with a protected avenue where they can report any improper conduct or untoward action.

Employment Collaboration
To expose our graduates to career and job opportunities, we established the Employment Placement Unit (EPU) platform, which has helped numerous graduates to gain employment in Malaysia and Singapore.

One of the main reasons I chose to study in Cyberjaya University College of Medical Sciences is the fact that it is a fully accredited 5-Star University with high job placement rates. Studying Pharmacy at the university was an amazing experience as I got to study alongside several people from all around the world; therefore I was exposed to a wider insight into the pharmaceutical industry.

These relationships have become the starting point to a vast, easy to access network of knowledge and support that I am quite thankful to have!

In addition, The University's ties with the local hospitals and clinics allow students to treat patients in an on-site pharmacy. This has provided me with a strong foundation to begin my career as a Provisional Registered Pharmacist in Klinik Kesihatan Merlimau.

Nornabilah Binti Nor Azman
Bachelor of Pharmacy (Hons) Graduated in 2018
Current position & workplace: Provisional Registered Pharmacist in Klinik Kesihatan Merlimau.

My three-year journey in Asia Metropolitan College Kota Kinabalu has been a fun and rewarding one. The college organises many interesting student activities such as visiting schools for basic health screenings. I believe this is an excellent way for me and my course mates to be exposed to the real working environment.

Besides that, the university has a dedicated Employment Placement Unit (EPU) that assists graduates in finding employment opportunities within 6 months of graduation. The team truly gave me an immense amount of guidance and assistance when it came to creating my resume and obtaining a career as a healthcare assistant. The EPU staff advisors have many professional connections that can serve as valuable learning opportunities.

Soong Pao Ching
Diploma in Healthcare, Graduated in 2018
Current position & workplace: Healthcare Assistant in Gleneagles Kota Kinabalu Hospital.

Data Privacy
We comply with the Personal Data Protection Act 2010 and implement measures to ensure that all collected student data are securely protected.

SOCIAL: OUR PEOPLE
Our Approach: *"The Group offers regular training and skill enhancement programmes to its employees in fulfilment of the Group's strong emphasis on enhancing the skillsets of its employees."*

Human Capital Development
Compared with any other profession, educators potentially have the greatest influence on an individual. Therefore, as a knowledge institution, we are committed in the successful growth of our employees through continuous learning and development. We achieve this by being well-informed of the needs of our students and keeping up with ever-evolving employment trends.

To prepare the next generation of skilled professionals and workers, we ensure that our faculty and support staff are equipped with opportunities in which they can continually flourish, hone and upskill their knowledge and capabilities, thereby enabling them to build rewarding careers.

Our Educators
At Minda Global, educators are our most valuable intangible assets, and they are the most critical component of our organisation. Therefore, when examining every aspect of our education system, we exert a special effort to prepare, nurture and support our excellent educators. We formulate ways by which our educators can grow such that their skills are specifically tailored to the requirements of their jobs and the subjects they teach.

SUSTAINABILITY STATEMENT
(Continued)

Our Support Staff
Since time immemorial, teaching has been considered one of the noblest professions. Nonetheless, effective teaching cannot be achieved without a support staff. They are the backbone that strengthens the success of our faculty. As such, we provide them with the proper training based on their skillset, job role, and core functional areas.

For the financial year under review, a total of 967 hours of professional training programmes were organised to support our staff.

Performance Review
To further enhance our employees' development, the Heads of Departments conduct performance appraisals and provide role-specific training to our workforce. Annual performance reviews are performed to help identify their strengths and weaknesses as well as determine training and development programmes that may be needed so that they can perform their tasks more effectively.

Employee Benefits
Our goal is to make the teaching profession more attractive by investing not only in our employees' overall health but also their future. Therefore, we formulate appropriate incentives that support and reward our employees. On top of receiving a competitive salary and government-mandated contributions, our employees also enjoy non compulsory benefits as described below.

Financial: Promotions, Pay increment, Bonus, Medical & Dental reimbursement, Mileage claim.

Non-Financial: Staff insurance, Free parking, Accommodation, Annual, Medical and Hospitalisation, Maternity, Paternity, Congratulatory, Compassionate, Replacement and Examination leaves, Internal and External Trainings for Career Development and Advancement.

Employee Engagement

Work-Life Balance
''A healthy workforce to nurture and positively impact our students''

Our group is convinced that a healthy work-life balance is vital in striking a balance amongst the demands of one's job, family, health decisions and other aspects of holistic living. It is essential in our organisation to maintain a healthy workforce, so that we can consistently nurture and positively impact our students.

In all our campuses, we implement programmes that are designed to improve productivity, create meaningful relationships and carry out stress management. We organise various activities throughout the year to foster team bonding, harmony and camaraderie.

Health and Safety (H&S)
The group complies with The Occupational Safety and Health Act 1994 and organises training activities to impart to our staff the risks that they face in their daily work.

We have established a Health and Safety (H&S) policy to eliminate or reduce the risks to the H&S of our staff, students, contractors, visitors and anyone else who may be affected by our business operations.

H&S Awareness and Training: Our medical science faculty members always practice vigilance, and our students are trained and always reminded of the potential hazards in the handling and disposal of high-risk materials, such as agar

SUSTAINABILITY STATEMENT
(Continued)

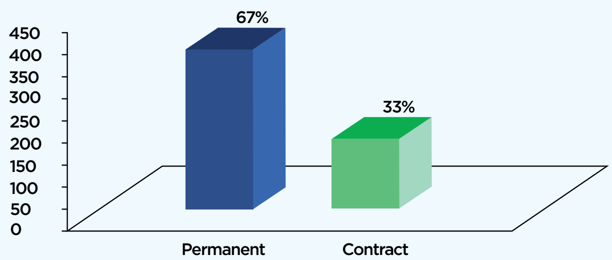
media, sharp objects and other test kits. Some of our staffs are trained in CPR, fire safety and basic first aid.

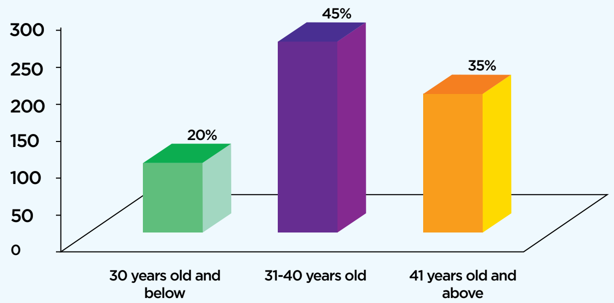
Monitoring: All incidents are recorded, and measures are taken to guarantee no reoccurrence. The incident book is reviewed, and further precautionary procedures are implemented in case of repeated incidence.

Diversity
Our Approach: Respect – Appreciation of diversity and equality

Diverse Workforce: Diversity, fair employment and inclusivity are values that we embrace. We are committed in treating all of our employees equally without discrimination regardless of their religious beliefs, age, gender and ethnicity.

Workforce Breakdown by Employment Type for 2018	
Permanent	413
Contract	201

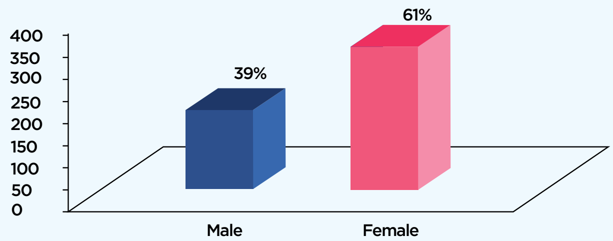


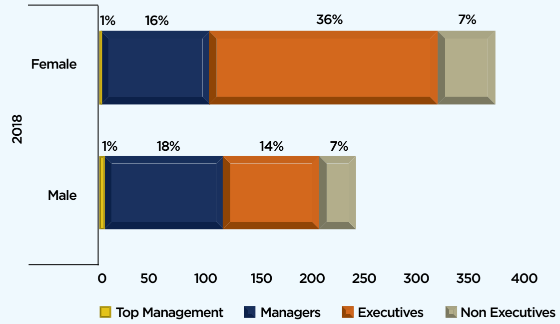


Workforce Breakdown by Age for 2018			
	30 years old and below	31-40 years old	41 years old and above
Employees	122	280	212

Gender diversity in the workforce is of great importance to us as we recognise the need to mobilise a wide pool of abilities, skills, expertise, opinions and knowledge that is crucial to the success of our company. In 2018, women represent 60% of the total workforce whereas at the Group's management level, they constitute a total of 46%.

Workforce Breakdown by Gender for 2018	
Male	242
Female	372





Workforce Breakdown by Category & Gender for 2018		
Position	Male	Female
Top Management	7	3
Managers	111	99
Executives	84	220
Non-Executives	42	48

SUSTAINABILITY STATEMENT
(Continued)

SOCIAL: COMMUNITY

Our Approach: The Board acknowledges that the Group should play a prominent role in improving the welfare of the community where it operates. Therefore, the Board shall support charitable causes and initiatives on community development projects.

Our location footprint has given us the unique opportunity to reach out and provide education for everyone. Our campus community is entrenched in the local community, and we strongly collaborate with our students and staff to drive sustainable education at the local, national and global levels. Our campuses are not in competition with one another but are rather working concomitantly towards achieving a common sustainable community.

The National Agenda

MINISTRY OF EDUCATION MALAYSIA

Educational Agenda
Consistent with the Government's vision of creating a skilled and industrialised nation, we have undertaken considerable efforts to align our responses to the national education agenda promoted by the Ministry of Education. We continually adapt our curriculum, delivery and courses so that our graduates can match the demand of the 21st century job market.

The Smart City Agenda
Our new, five (5)-acre modern, fully equipped and environmentally friendly CUCMS campus is located in Cyberjaya. This site is consistent with the Government's agenda to develop Malaysia's first smart city, as Cyberjaya will be a core part of the Multimedia Super Corridor, along with Putrajaya, which is Malaysia's seat of government.

Providing Equal Opportunity
The World Bank report entitled "Realising Human Potential" emphasises the importance of providing equal opportunity to B40 households, which is widely considered the most vulnerable lower income group. B40 households are at the highest risks of falling into poverty and typically cannot afford to pay for their children's proper education without economic aid.

To end the cycle of poverty in this particular group and alleviate their condition, the Company has opened our campuses to these individuals and given them access to quality education, thereby ensuring that this less-privileged group can have the same opportunities. This initiative is also extended to the M40 group to also enable them to boost their climb in the social and economic ladder.

Community Engagements
All of our campuses engage the students in providing meaningful services to the community. Contributions and activities are assessed based on the needs of the community where they operate.

The table below shows the meaningful activities that each campus engages with the community for the financial year under review.

Campus	Activity	Objective
Cyberjaya University College of Medical Sciences (CUCMS)	Piala Kesukaralewanan Menteri Pendidikan - Kelab Penyayang CUCMS	To foster volunteerism amongst students from higher learning institutions
	BRACE 2018 – Bangladesh Relief and Care Expedition	To expose our students to humanitarian missions and activities at an international arena and to increase their skills and knowledge in managing such programmes
Asia Metropolitan University (AMU)	Nursing Home Visitation	To assist and provide basic medical check-up for residents of the nursing home
	Sihat Bersama AMU	To promote healthy lifestyle
Asia Metropolitan Colleges (AMC)	Fund Raising for Rumah Bakti Harapan	To provide basic necessity assistance and to educate our students about the less privileged
	Orphanage Visitation at Jireh Home	To provide encouragement, express concern and care towards the children residing at the orphanage
Asia Metropolitan International School (AMETIS)	World Habitat Day	To raise environmental awareness in shaping the future of cities and towns
	Project Cambodia 2	To offer programmes that exceed boundaries

Minda Global Berhad (1209985-V)

SUSTAINABILITY STATEMENT
(Continued)

"Be the reason someone smiles today" is the AMETIS theme for its Project Cambodia.

CUCMS Kelab Penyayang was named overall winner of the Ministry of Education's Volunteerism Cup 2018 on 14 October 2018

AMC visitation at Jireh Home for orphans

Fund Raising for Rumah Bakti Harapan by AMC

SOCIAL: SUPPLY CHAIN

Our Approach: *"Our Supply Chain procedures include supporting learning, teaching and research activities as well as enriching our staff through the provision of goods and services that meet requirements, are timely, ethical and compliant and represent good value."*

Vendor Management

Our Vendor Management is described in the following process.

Vendor Selection & Qualification

We will ensure that our vendors are in compliance with quality, timely delivery and cost.

Purchase Requisition & Selection

i. Procurement would process the purchase request once the purchase requisition is approved.
ii. Price comparison / tender would be conducted depending on the amount of purchase.
iii. Selection of supplier is based on the lowest price quotation received with acceptable quality, specification and time of delivery.

Approval & Issuance of Purchased Order

Final approval will be obtained once the supplier is selected and Purchase Order will be issued accordingly.

Vendor Evaluation

Vendors are evaluated on a yearly basis

ENVIRONMENT

Our Approach: *"The Board supports initiatives that address environmental issues and abides by all laws and regulations on environmental impact in the course of its projects."*

Our target is to develop achievable strategies that can be effectively applied in an academic setting. We promulgate different campaigns and solutions for spreading green awareness to consequently diminish energy and water consumption as well as reduce and dispose of our waste responsibly. We inculcate significant eco-friendly practices to our staff and students in order to actualise the necessary changes.

SUSTAINABILITY STATEMENT
(Continued)

Energy Initiatives

Commuting Initiatives
The Group invested in eleven (11) school buses and provide hostels/residential apartments to reduce fuel use during commutes to and from the campus. A school shuttle bus ferries the students between the campus and the school accommodations. The accommodations are located at a 10-minute walking distance from the campus, making them conducive for walking when the weather is not too hot.

Electricity Consumption
Lights are switched off during lunch hours, and hourly classroom patrols are conducted to ensure that corridor lights are dimmed or switched off when not in use. The use of timers for LED lights and air-conditioning are put in place to reduce unnecessary energy consumption.

Waste Management Initiatives

General Waste
We have identified strategies and proposed initiatives and guidelines for reducing solid waste.
- Going paperless with a digital system
- Reusing single-sided paper
- Controlled paper use via quota system
- Paper recycling

At AMETIS, water fountains are provided in strategic locations within our campus for our students' convenience which helps reduce the need for purchase of bottled water. This in turn lowers plastic bottle disposals around the campus, ultimately leading to a positive impact on the environment.

Scheduled Waste
We abide by the prescribed standards of the Department of Environment (DOE) in the disposal of our scheduled waste, and our scheduled waste partners are duly certified by the DOE to treat our wastes. Our scheduled wastes consist of clinical and medical wastes generated by the Medical and Health Science programmes offered by our universities and colleges.

Water Initiatives
Signages are placed in various areas around campus and school to encourage our students and staff to be more environmentally conscious with regards to water and energy conservation and 3Rs (Reduce, Reuse and Recyle).

DIRECTORS' PROFILE

General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj. Nordin (Rtd.)

- Independent Non-Executive Chairman
- Aged 71
- Malaysian/Male

General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj. Nordin (Rtd.) ("Tan Sri Dato' Seri Mohd Shahrom") was appointed as the Independent Non-Executive Chairman of the Board on 9 January 2018.

After his secondary education, Tan Sri Dato' Seri Mohd Shahrom was selected for Officer Cadet training at the Royal Military College, Kuala Lumpur in 1966 and was commissioned as a Second Lieutenant into the Royal Malay Regiment in 1968. He served in various appointments at command, staff, training and the diplomatic services levels and was the Chief of the Malaysia Army in 2003. Prior to that appointment, he was the Chief of Staff at the Armed Forces Headquarters.

Currently, Tan Sri Dato' Seri Mohd Shahrom is the Executive Director (Defence and Business Development) of the National Aerospace & Defence Industries Sdn Bhd ("NADI") and also a Director of SME Ordance Sdn Bhd (SMEO), a subsidiary company of the NADI Group of Companies. He is also a member of the Executive Committee of the Retired Armed Forces Officers' Association. He also serves as a director of TRC Synergy Berhad.

Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar

- Redesignated as Group Managing Director on 23 January 2019
- Aged 63
- Malaysian / Male
- Non-Independent Executive Director

Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar ("Tan Sri Dato' Dr. Palan") was appointed to the Board on 9 January 2018 and redesignated as Group Managing Director and Group Chief Executive Officer on 20 February 2018. He was then redesignated as Group Managing Director on 23 January 2019.

Tan Sri Dato' Dr. Palan has 35 years of experience in the training and education industry. An alumnus of the Harvard Business School, he is a lifelong learner who pursued his studies in Australia, United Kingdom and India. The British Institute of Learning & Development, UK conferred on him the highest level of membership, the Fellowship. He has also earned the Certified Speaking Professional (CSP) award, the highest award in the speaking profession from the National Association of Speakers, USA.

The author of 16 books and numerous articles, he started his career as a lecturer, trainer and HR specialist before taking on senior management roles in marketing and general management with a variety of industries in different countries.

He then embarked on his entrepreneurial journey with a vision to help people learn and perform. Spurred on by a lifelong desire to make quality education accessible to everyone who aspires to it, he has focused his entrepreneurial skills on education-related ventures.

He founded Yayasan Palan to support Corporate Social Responsibility initiatives and his voluntary contributions include serving on non-profit organisations, both governmental and private. He serves as the Pro- Chancellor of Cyberjaya University College of Medical Sciences and is also the Chairman of SMRT Holdings Berhad, the holding company of the Company.

Tan Sri Dato' Dr. Palan is a substantial shareholder of the Company. He is the father of Mr Maha Ramanathan Palan who is a Non-Independent Non-Executive Director of the Company.

DIRECTORS' PROFILE (Continued)

Tan Sri Datuk (Dr.) Rafiah Binti Salim

- Senior Independent Non-Executive Director
- Aged 72
- Malaysian / Female
- Chairman of Nomination and Remuneration Committee

Tan Sri Datuk (Dr.) Rafiah Binti Salim ("Tan Sri Datuk (Dr.) Rafiah") was appointed as an Independent Non-Executive Director to the Board on 9 January 2018 and redesignated as Senior Independent Non-Executive Director on 20 February 2018.

Tan Sri Datuk (Dr.) Rafiah graduated with a Masters and a Bachelor's Degree in Law from Queen's University, Belfast, United Kingdom and was awarded an honorary Doctorate by the same University in 2002. She was called to the Malaysian Bar in 1988.

Tan Sri Datuk (Dr.) Rafiah has excellent service records within both the domestic public and private sectors, and international environment. She has served as a Lecturer, Deputy Dean and Dean of the Law Faculty of University of Malaya, Assistant Governor of the Central Bank of Malaysia, Human Resource General Manager of Malayan Banking Berhad and the Assistant Secretary General for United Nations Human Resource Management in New York. Tan Sri Datuk (Dr.) Rafiah was previously an Executive Director of the International Centre for Leadership in Finance and in 2006, she was appointed as the first female Vice-Chancellor in Malaysia posted to University of Malaya.

Tan Sri Datuk (Dr.) Rafiah is currently the Chairman of Allianz Malaysia Berhad, Allianz General Insurance Company (Malaysia) Berhad and Malaysian Genomics Resource Centre Berhad. Tan Sri Datuk (Dr.) Rafiah is also a director of Nestle (Malaysia) Berhad and Lotte Chemical Titan Holding Berhad.

Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar

- Independent Non-Executive Director
- Aged 63
- Malaysian / Male
- Chairman of the Audit and Risk Management Committee
- Member of the Nomination and Remuneration Committee

Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar ("Tan Sri Datuk Wira Dr. Mohd Shukor"), was appointed as an Independent Non-Executive Director to the Board on 9 January 2018.

He started his career as a Bank Officer back in 1978. He later joined the Inland Revenue Board of Malaysia as an Assessment Officer. He then quickly rose through the ranks and was appointed as the Chief Executive Officer in January 2011 until his retirement in December 2016.

Tan Sri Datuk Wira Dr. Mohd Shukor was elected as the President of the Malaysian Association of Statutory Bodies and Chairman of The Commonwealth Association of Tax Administrators (CATA); and was awarded the CEO of the Year 2015 by The European Emerging Markets Awards and received the 2015 Lifetime Achievement Award – Outstanding Contribution in Shaping People by The Asia HRD Award.

Tan Sri Datuk Wira Dr. Mohd Shukor holds a Bachelor of Economics with University Malaya, a Postgraduate Diploma in Computer Science with Malaysia University of Technology, and Master of Taxation and Doctor of Public Administration with the Golden Gate University, USA. He also received an Honorary Doctor of Management from Universiti Tenaga Nasional (UNITEN) and Asia Metropolitan University.

Tan Sri Datuk Wira Dr. Mohd Shukor also serves as the Chairman of McMillan Woods National Tax Firm and MSM Management Advisory. Tan Sri Datuk Wira Dr. Mohd Shukor is currently a Director of Paragon Globe Berhad (formerly known as Goh Ban Huat Berhad) and Century Software Holding Berhad. He also sits on the Board of Directors at Prokhas, a private limited company wholly owned by Minister of Finance. He is also a Partner of YYC Advisors, and an Advisor to Century Software (Malaysia) Sdn Bhd.

DIRECTORS' PROFILE (Continued)

Dato' Tan Choon Hwa @ Esther Tan Choon Hwa

- Independent Non-Executive Director
- Aged 69
- Malaysian / Female
- Member of the Audit and Risk Management Committee

Dato' Tan Choon Hwa @ Esther Tan Choon Hwa ("Dato' Esther Tan"), was appointed as an Independent Non-Executive Director to the Board on 9 January 2018.

She is a Fellow Member of the Institute of Chartered Accountants in England and Wales (FCA), a Member of the Malaysian Institute of Accountants (MIA) and a Fellow Member of the Chartered Tax Institute of Malaysia.

Dato' Esther Tan began her career as an auditor with Grant Thornton in UK and later with Kingston Smith in UK before coming back to Malaysia. In 1984, she started her practice which eventually merged to be what is known as GEP Associates. The firm is a member firm of an International Organisation called AGN International with its headquarters in the United Kingdom boasting of 465 offices worldwide. In 2008 and 2009, Dato' Esther Tan became its first lady Chairperson to lead the international organisation and is today still an active Board member in the Asia Pacific region.

In 2006, Dato' Esther Tan received the award from the National Association of Women Entrepreneur Malaysia as "The Woman Entrepreneur of the Year" under the Finance section.

Dato' Esther Tan currently also sits as director of Poh Kong Holdings Berhad and MK Land Holdings Berhad.

Sanjeev Nanavati

- Independent Non-Executive Director
- Aged 59
- United States of America, Permanent Resident of Malaysia / Male
- Member of the Audit and Risk Management Committee
- Member of the Nomination and Remuneration Committee

Mr. Sanjeev Nanavati ("Mr. Nanavati") was appointed as an Independent Non-Executive Director to the Board on 9 January 2018.

He holds a MBA in Finance from the Whitman School of Business, Syracuse University in New York and a Bachelor's degree in Accounting from Delhi University in India. Mr. Nanavati began his career in the United States with Bank of Boston (now Bank of America) where he spent twelve years. He subsequently moved to India to join Standard Chartered Bank, where he was the country head of the investment bank and subsequently the corporate and investment bank. Mr. Nanavati was the longest serving Chief Executive Officer of Citibank Malaysia until July 2014 and subsequently a Senior Advisor to the Asian Pacific Banking Practice of McKinsey & Company until 2017.

Mr. Nanavati was the Managing Principal of Falcon Associates, a firm that provides corporate advisory services to banks and companies and leadership mentoring and coaching to senior executives and top teams. He was the past President of the American Malaysian Chamber of Commerce (Amcham) serving three terms over six years.

Mr Nanavati is currently the Executive Managing Director of one of the largest and most dynamic bank in Vietnam.

DIRECTORS' PROFILE (Continued)

Maha Ramanathan Palan

- Non Independent Non-Executive Director
- Aged 25
- Malaysian / Male

Maha Ramanathan Palan ("Maha Palan"), was appointed as an Non-Independent Non-Executive Director to the Board on 23 July 2018.

He has a Bachelors (Hons) in Chemical Engineering from the University of Manchester and a Masters in Financial Engineering from Imperial College London.

Maha Palan has served in investment-focused roles in firms such as British Petroleum Plc, Piton Capital LLP and Creador Sdn Bhd. During his tenure with these firms, he has invested in and helped grow companies that improved the UK National Health Service, provided valuable analytics to rural farmers and facilitated the growth of emerging economies by reliably supplying them with affordable energy.

Maha Palan has also worked on a wide variety of deals ranging from Europe's largest venture deal of 2018 with a valuation in excess of €2.5 billion to a direct sale and purchase agreement for crude & oil products with a gross exposure in excess of $4 billion.

Prior to his appointment, Maha Palan had been working with SMRT Holdings Berhad and Minda Global Berhad since January of 2018 with a focus on driving growth, implementing operational restructures and aligning strategy.

Maha Palan is also a founder of The Palan Foundation, a registered non - profit organisation committed to improving the educational attainment of young disadvantaged individuals.

Maha Palan is a Director of SMRT Holdings Berhad, the holding company of the Company. He is the son of Tan Sri Dato' Dr. Palan who is the Group Managing Director of the Company.

Save as disclosed, none of the Directors have :-

- Any family relationship with any Directors and/or major shareholders of the Company.
- Any conflict of interest with the Company.
- Any conviction for offences within the past five (5) years (other than traffic offences)
- Any public sanction or penalty by the relevant regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT'S PROFILE

Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar

- Redesignated as Group Managing Director on 23 January 2019
- Aged 63
- Malaysian / Male
- Non-Independent Executive Director

The profile of Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar is set out in the Directors' Profile of this Annual Report.

Naresh Alagan

- Group Chief Executive Officer
- Aged 44
- Australian / Male

Mr. Naresh Alagan ("Mr. Naresh") was appointed as the Group Chief Executive Officer of the Company on 23 January 2019.

Mr. Naresh is a qualified accountant being a member of CPA Australia and completed the professional program to be a registered public practitioner. He is also admitted as a Solicitor to the Supreme Court of New South Wales in Australia. His qualifications include a Bachelor of Law (Honours), Bachelor of Business, Master of Management, Master of Business Administration (MBA), Certificate in Global Strategy & Operations Management, Certificate in Legal Practice and CPA Professional & Public Practice Program.

Mr. Naresh was formerly the Chief Executive Officer and Executive Director of Air Asia Global Shared Services (AGSS) overseeing some 350+ professional staff who provide financial, people, procurement, IT and business support to the Air Asia Group companies, affiliates and some Tune companies across 10 countries supporting 23 operating entities.

Mr. Naresh has worked with leading corporates in Malaysia over the past 7 years such as PriceWaterhouseCoopers (PwC) Advisory and Maxis Communications Berhad among others. Previous to this, he worked with notable corporates in Australia where he lived for almost 30 years. His exposure and experience in the education industry includes about 7 years in various managerial roles in finance and business with the University of Sydney in Australia. His 25-year experience in corporate life includes corporate strategy, business planning, business management, performance improvement, change and transformation, project management, financial restructuring, treasury operations and merger integration.

KEY SENIOR MANAGEMENT'S PROFILE
(Continued)

Lai Swee Sim

- Group Chief Financial Officer
- Aged 49
- Malaysian / Male

Mr. Lai Swee Sim ("Mr Lai") was appointed as the Group Chief Financial Officer of the Company on 1 January 2018.

Mr. Lai is a Certified Public Accountant with Malaysian Institute of Certified Public Accountants since 1997 as well as a Chartered Accountant registered with Malaysian Institute of Accountants and a member of Association of Chartered Certified Accountants since 2009.

Mr. Lai started his career as an auditor in 1990 with Arthur Andersen & Co. He served with Sateras Resources Berhad and later with Sapura Group where he spent 13 years, finally ending his time as the Head of Business Planning in SapuraCrest Petroleum Bhd since year 1998. He worked with SRD Services Sdn Bhd before joining Perisai Petroleum Teknologi Bhd in 2012 as Head of Corporate Planning.

Professor Dato' Dr. Mohamad Abdul Razak

- President, Cyberjaya University College of Medical Sciences
- Aged 66
- Malaysian / Male

Professor Dato' Dr. Mohamad Abdul Razak ("Professor Dato' Dr. Mohamad") was appointed as President, Cyberjaya University College of Medical Sciences ("CUCMS") on 2 April 2014.

Professor Dato' Dr. Mohamad received his Doctor of Medicine (MD) degree from Universiti Kebangsaan Malaysia and went on to receive a Masters of Surgery (Orthopaedic) and an Honorary PhD.

Professor Dato' Dr. Mohamad began his career as a House Officer (Medical) at the Kuala Lumpur General Hospital before taking up a lecturer position with Universiti Kebangsaan Malaysia where he was eventually appointed as the Director of Hospital Universiti Kebangsaan Malaysia and later as the Deputy Vice-Chancellor (Student and Alumni Affairs). He then went on to serve as the Vice Chancellor and CEO of a private university college in Penang.

Professor Dato' Dr. Mohamad was formerly appointed as the President of the Malaysian Orthopaedic Association. He is also a visiting registrar of the Orthopaedic Department at Edinburgh University, in addition to being registrar and spinal injury fellow at the Southport Spinal Injuries Centre in Liverpool. He has brought his considerable experience of medical sciences, management and education to helping the CUCMS position itself as a leading, 5-Star Malaysian university.

KEY SENIOR MANAGEMENT'S PROFILE
(Continued)

Professor Dr. Mohamad Khan Jamal Khan

- Vice Chancellor, Asia Metropolitan University
- Aged 68
- Malaysian / Male

Professor Dr. Mohamad Khan Jamal Khan ("Professor Dr. Mohamad Khan") was appointed as Acting Vice Chancellor of Asia Metropolitan University on 2 April 2018. He is currently serving as the Vice Chancellor of Asia Metropolitan University with effect from 1 January 2019.

Professor Dr. Mohamad Khan has an extensive record in Occupational Safety and Health (OSH) management including designing of the curriculum for OSH programmes for several public and private universities in Malaysia.

He obtained his Bachelor of Social Science in Economics from Universiti Sains Malaysia and went on to complete his Master of Science (Management) and later his PhD in OSH from Universiti Utara Malaysia.

Professor Dr. Mohamad Khan began his academic career as a Program Coordinator at the Universiti Utara Malaysia and was eventually appointed the Deputy Dean (Research and Postgraduate Studies). He then served as the Dean of several faculties at Cyberjaya University Collage of Medical Sciences prior to his appointment to Asia Metropolitan University.

Professor Dr. Mohamad Khan has taught various courses in OSH, Human Resource Management, and Research Methodology at postgraduate and undergraduate levels, and has supervised several PhD and Masters' candidates in Safety and Health Management programmes. He is on the panel of Institutional Auditors for the Malaysian Qualification Agency (MQA). As of to date, he has published more than 50 journal articles, and presented papers and reports on OSH issues and programmes at international and national levels. Due to his excellent service, Professor Dr. Mohamad Khan was given several awards during his tenure as an academician.

Save as disclosed, none of the Key Senior Management have :-

- Any directorship in public companies and listed issuers.
- Any family relationship with any Directors and/or major shareholders of the Company.
- Any conflict of interest with the Company.
- Any conviction for offences within the past five (5) years (other than traffic offences)
- Any public sanction or penalty by the relevant regulatory bodies during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Minda Global Berhad ("Minda Global" or "the Company") is committed to uphold the high standards of corporate governance throughout Minda Global and its subsidiaries ("the Group") with the ultimate objective of realising long-term shareholder value while taking into account the interest of other stakeholders. This Corporate Governance Overview Statement ("Statement") sets out a summary of the corporate governance practices undertaken during the financial year 2018 which takes guidance from the key Corporate Governance principles set out in the Malaysian Code on Corporate Governance 2017 ("MCCG 2017").

The Statement is prepared in compliance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and is to be read in conjunction with the Corporate Governance Report for the financial year ended 31 December 2018, which is made available on the Company's website at http://mindaglobal.com.my/

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

Practice 1.1 – Board duties and responsibilities

The Board represents and serves the interest of the shareholders. The Board shall lead and manage the Group in an effective and responsible manner and all the Directors have an equal responsibility for the Group's operations and corporate accountability.

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, ensuring proper succession planning and effective shareholders communication policy, ensuring the integrity of the Group's financial and non-financial reporting and reviewing the adequacy and the integrity of the Group's internal control systems.

Practice 1.2 – Chairman

The Chairman of the Board is an independent director. The Chairman plays an instrumental role in providing leadership to the Board for all aspects of the Board's roles and responsibilities, ensuring that operations conform to the Board's strategic directions, Company's vision and corporate policies, as well as facilitating the communication and understanding between the Management and the Board.

Practice 1.3 – Separation in the roles of Chairman and Group Managing Director/Group Chief Executive Officer

The roles of Chairman and Group Managing Director/ Group Chief Executive Officer are exercised by different individuals. A clear segregation of their responsibilities and powers is stated and defined in the Company's Board Charter which is available on the website of the Company. Besides ensuring an appropriate balance of power and authority, the segregation of roles facilitates an open exchange of views and opinions between the Board and the Management in their deliberation of the business, strategies and key operations of the Group.

As of the date of this Statement, there was an appointment of a key senior management position, namely, the Group Chief Executive Officer who is reporting to the Group Managing Director to manage the Group's business operations and to continuously improving the Groups' governance practices and processes to meet the increasingly challenging business environment.

Practice 1.4 – Company Secretary

The Board is supported by a qualified and competent Company Secretary who is responsible to advise and regularly update the Board on good governance, board policies and procedures, administrative matters and corporate compliances.

All Directors have full and unrestricted access to the advice and services of the Company Secretary, whose appointment and removal is a matter of the Board as a whole.

Practice 1.5 – Information and support for Directors

Board meetings for the ensuing financial year are scheduled in advance to facilitate Directors to plan ahead and fit the year's Board meetings into their schedules. The Board meets on a quarterly basis and at other times as required. During the financial year ended 31 December 2018, the Company held 6 Board meetings. As shown in the table below, all Directors have complied with the MMLR of attending not less than 50% of the Board meetings held during the financial year ended 31 December 2018. This demonstrates that each Director has devoted sufficient time and commitment in carrying out his or her duties and responsibilities. The summary of attendance of Board meetings by the Directors in office during the financial year ended 31 December 2018 are as follows:-

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

Directors	Number of meetings attended / Number of meetings held	Percentage of attendance (%)
General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj. Nordin (Rtd.)	6/6	100%
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	6/6	100%
Tan Sri Datuk (Dr.) Rafiah Binti Salim	5/6	83%
Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar	6/6	100%
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	6/6	100%
Sanjeev Nanavati	5/6	83%
Maha Ramanathan Palan (Appointed on 23 July 2018)	2/2	100%

All Directors will commit their time to the Board meetings to be held, in discharging his or her duties. Board meetings are a platform for exchange of views, with Directors bringing their experience and independent judgment to discuss the issues at hand. At the Board meetings, the Board reviews and discusses amongst others, the Group's financial position, company's policies, risks management, as well as management performance against the corporate targets and budget. In addition, the Chairman of the Audit and Risk Management Committee ("ARMC") would update the Directors at the Board meetings, of salient views and recommendations of the ARMC following its members' deliberations at ARMC meetings.

The proceedings of the Board meetings in relation to notice, quorum and voting rights are governed by the Company's Constitution. Prior to each meeting, a reasonable notice of meetings and agendas will be circulated to all Directors together with the draft minutes of the previous meeting as well as the respective reports/papers and other board meeting reference materials such as management reports and financial reports to be discussed in order for them to be apprised of the topics and to be prepared accordingly.

During the Board meetings, the Board will be notified of circular resolutions signed during the quarter and any disclosures or announcements made to Bursa Securities and any other relevant authorities.

All the Directors have the rights of access to all relevant information pertaining to the Company, access to management and may obtain independent professional advice at the Company's expense that are deemed necessary to carry out their duties.

As at the date of this Statement, all the Directors (including the newly appointed Director during the year under review) have completed the Mandatory Accreditation Programme as required under the MMLR of Bursa Securities.

The Board is aware that continuous training for the Directors is vital for them in discharging their duties effectively. All Directors are encouraged to attend appropriate external training programmes to ensure they keep abreast with latest developments in the business and economic environment, to enhance their skills as well as ensuring that they possess the necessary knowledge to enable them to discharge their duties and responsibilities more effectively.

The external training programmes, seminars, workshops and/or conferences attended by the Directors in office during the year under review were as follows:-

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

Directors	Training Programmes/Seminars/Workshops/Conferences
General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj. Nordin (Rtd.)	• Corporate Directors Training Programme Fundamental 2.0
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	• The Asia HRD Congress 2018 : Happiness at Work Summit 2018 • Advocacy Programme on CG Assessment Using the Revised Asean CG Scorecard Methodology • LSE Events Bank Negara • Tony Pua on 2019 Budget : What You Need to Know – The Economy, Capital Market and You • Education Social Dialogue
Tan Sri Datuk (Dr.) Rafiah Binti Salim	• Malaysian Code of Corporate Governance • Audit Committee Conference 2018 • FIDE Forum : Managing Cyber Risks • Audit Committee Institute (ACI) Breakfast Roundtable 2018 • Khazanah Megatrends Forum 2018
Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar	• Sustainability Engagement Series for Directors/Chief Executive Officer of Listed Issuers for 2018 • National Tax Conference 2018 • Advocacy Programme on CG Assessment Using the Revised Asean CG Scorecard Methodology
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	• Malaysian Code of Corporate Governance • Implementing the Companies Act 2016 and the Malaysian Code of Corporate Governance 2017 • Audit Committee Conference 2018 • Malaysian Tax Conference 2018 • The New Malaysian Code on Corporate Governance and its impact on Directors • Advocacy Programme on CG Assessment Using the Revised Asean CG Scorecard Methodology • Key Amendments to Listing Requirements arising from the Companies Act 2016 and Key Disclosure Obligations of a Listed Company • Tony Pua on 2019 Budget : What You Need to Know – The Economy, Capital Market and You • Practical Auditing Methodology for SMPs • Budget Seminar
Sanjeev Nanavati	• Mandatory Accreditation Programme
Maha Ramanathan Palan	• Mandatory Accreditation Programme

The Board, through the Nomination and Remuneration Committee ("NRC") continues to evaluate and determine the training needs of the Directors. Each of the individual Director also assess his or her training needs by determining areas that would best strengthen his or her contributions to the Board and Board Committees. In addition, the Company Secretary circulates regular updates on training programmes from various organisations to the Directors for their consideration for participation.

Practice 2.1 – Board Charter

In performing its duties, the Board is guided by the Board Charter that sets out amongst others its roles, composition, responsibilities, powers, Board committees and Board meeting procedures. The key elements of governance principles embedded in the Board Charter regulate the Board's conducts and guide the business strategic initiative of the Group. The Board Charter was endorsed on 14 February 2018 and is made available on the Company's website.

The Board will review the Board Charter periodically and make any necessary amendments to ensure they remain consistent with the Board's objectives, current development, and new legislations and regulations and recommended best practices.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

The Board has two (2) Board Committees, namely ARMC and NRC which are delegated with specific responsibilities and authorities to assist the Board in executing its duties and to provide the Board with recommendations and advice. The delegation of authority to the Board Committees enables the Board to achieve operational efficiency, by empowering each Committee to review, report and make recommendations to the Board on matters relevant to their roles and responsibilities. Each Board Committee is governed by its own Terms of Reference ("TOR") which sets out its functions and duties, composition, rights and meeting procedures. These TOR were endorsed and will be reviewed annually in accordance with the needs of the Company and taking into account the changes in the business, governance and legal environment that may have an impact on the discharge of the Board Committees' duties and responsibilities.

Practice 3.1 – Code of Conduct and Ethics

Good governance at all levels is essential for sustainable development. The Board is committed to establish a corporate culture that promotes ethical conduct throughout the Group and ensures that its business is conducted with integrity, transparency and fairness. In discharging its fiduciary duties, the Board must at all times act in good faith and in the best interests of the Company and at the same time ensuring that its obligation to shareholders and stakeholders are met. The Director's Code of Conduct and Ethics is made available on the Company's website.

Practice 3.2 – Whistle-blowing Policy

The Board is committed to achieving and maintaining high standards with regard to integrity and responsibility. It has established the Whistle-blowing Policy that provide a channel to enable employees and other stakeholders to report any suspected breaches of law or regulations or any illegal acts observed in the Group, including financial malpractice or fraud, non-compliance with regulatory requirements, danger to health, safety or the environment, criminal activity and corruption. It outlines the procedures for reporting a genuine concern on any breach of conduct that are taking place, have taken place or may take place in the future. The Company treats all reports in a confidential manner and at the same time provides protection to anyone who reports such concerns in a good faith. The Whistle-blowing Policy is reviewed annually and is available on the Company's website.

II. Board Composition

Practice 4.1, 4.2 and Step Up 4.3 – Independent Directors

The Board currently consists of seven (7) members with a new member who is Non-Independent Non-Executive Director, on Board during the year under review. The Board comprises the Chairman, the Group Managing Director, four (4) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. This is in line with the requirements of Paragraph 15.02 of the MMLR of Bursa Securities that requires one-third (1/3) of the Board members to be Independent Directors.
The Board is satisfied that its current size and composition is adequate to provide for a diversity of views, to facilitate effective decision making and to reflect an appropriate balance of Executive and Non-Executive Directors for the scope and nature of the Group's business and operations.

The Independent Non-Executive Directors are independent of management and free from any business, relationship or any circumstance that could materially interfere with the exercise of independent judgment or the ability to act in the best interest of the Company. They have also fulfilled the criteria of an independent director pursuant to the MMLR of Bursa Securities. Amongst their roles are to provide support and advice to the Board to maintain ethical behaviour within the Company and to serve as a measure to prevent concentration of power in order to protect the stakeholders' interest.

The NRC will review and assess the independence of directors annually based on the criteria set by the Board. One of the assessment criteria is the ability of the individual director to exercise objectivity in the discharge of his or her responsibilities independently and for the interest of the Company. The Board also received confirmation of independence from the respective Independent Directors.

Practice 4.2 of the MCCG 2017 states that the tenure of an Independent Director 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 subject to the Director's re-designation as a Non-Independent Director. However, an Independent Director may be retained as an Independent Director after a cumulative term of nine (9) years, subject to:

- An assessment and recommendation of the NRC.
- The Board recommends with strong justification for shareholders' approval in a general meeting.

If the Board continues to retain the Independent Director after the twelfth (12) year, the Board should seek annual shareholders' approval through a two-tier voting process.

As of the date of this Statement, none of the Independent Directors exceed a cumulative term of nine (9) years.

Practice 4.4 and 4.6 – Diversity on Boards and in Senior Management & Sourcing of Directors

The NRC is responsible for assessing and making recommendations to the Board on the suitable candidates for appointment of Board member based on recruitment criteria established by the Board. The NRC has the responsibility to ensure that the Board comprises suitably qualified members who demonstrate appropriate skills, knowledge, industry exposure, expertise and experience, competencies and other relevant qualities who contribute to the effective oversight and stewardship of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

Appointments of new Directors are undertaken by the Board as a whole after considering the recommendations of the NRC.

Practice 4.5 – Gender Diversity

The Board is committed to maintain an appropriate balance in terms of diversity in experience, skills, competence, calibre and gender in order to have balanced, comprehensive and thorough decision makings. The Board consists of members with a broad range of skills, well-rounded experience and knowledge in different fields relevant to oversee the business. The Board ensures that each member has a proper understanding of the Group's business and competence to deal with current and emerging issues of the Group.

The Board acknowledges the importance of gender diversity as an important element of a well-functioning board. The Board welcomes suitably and qualified female Directors to come on the Board subject to the evaluation and assessment by the NRC following the criteria set by the MCCG 2017 and the MMLR of Bursa Securities. The Board currently consists of two (2) female Directors.

During the year under review, the Gender Diversity Policy was formed and is available on the Company's website.

Practices 4.7 and 6.2 – Nomination and Remuneration Committee

The Board has established a NRC to assist the Board in their responsibilities in nominating new nominees to the Board and to assess the performance of the Board, the Board Committees and the Directors of the Company on an on-going basis. Full details of the NRC's duties and responsibilities are stated in its TOR which is available on the Company's website.

The NRC currently comprises exclusively Independent Non-Executive Directors as follows:

Tan Sri Datuk (Dr.) Rafiah Binti Salim
(Senior Independent Non-Executive Director)
Chairman

Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar
(Independent Non-Executive Director)
Member

Sanjeev Nanavati
(Independent Non-Executive Director)
Member

During the financial year ended 31 December 2018, the NRC has considered amongst others, the selection criteria and suitability of the proposed candidate for appointment on the Board, reviewed the suitability of the Directors who subject to retirement at the Company Annual General Meeting and recommended to the Board on re-election of Directors, recommended the remuneration package of the Group Managing Director as well as recommended the Directors' fees and meeting allowances for the Non-Executive Directors.

Practice 5.1 – Evaluation for Board, Board Committees and Individual Directors

The NRC will annually perform an assessment of the effectiveness and performance of the Board, Board Committees and individual Directors, in order to verify that the Board is functioning appropriately as a whole. Each Director will be provided with a detailed questionnaire in the Directors' Performance Evaluation which covers matters relevant to the Board performance, among other things, contribution to interaction, quality of input, understanding of role and personal developments. An evaluation of each Board Committee will be carried out by assessing the structure, roles and responsibilities, performance of the respective Chairman, as well as Committee's performance against its TOR.

Each Director and Board Committee member completes the evaluation form and submits it on a confidential basis to the Company Secretary who collates the responses and produces a report for tabling to the NRC. The NRC reviews the report and submits its findings and report to the Board on the assessment of the performance and effectiveness of the Board and Board Committees as well as the performance of each Director.

As of the date of this Statement, the NRC has conducted the evaluation and assessment exercise in respect of the effectiveness of the Board, Board Committees and performance of individual Directors on the Board for the financial year ended 31 December 2018. The results were presented to the Board in 19 April 2019 where the Board noted the findings and areas that necessitated improvements.

III. Remuneration

Practice 6.1 – Remuneration Policy

The Board (through the NRC) will review and recommend to the Board on the remuneration of executive and non-executive Directors, particularly on whether the remuneration remains appropriate to each Director's contribution, by taking into account the level of expertise, commitment, responsibilities undertaken and individual performance on an annual basis.

During the year under review, the Remuneration Policy of Directors and key senior management was established to assist the Company in attracting, retaining and motivating experienced, qualified and high caliber members of the Board and key senior management of the Company. The remuneration for Executive Director is structured to link rewards to individual and corporate performance whereas the level of remuneration for Non-Executive Directors reflect the experience, expertise, time commitment and level of responsibilities undertaken by the Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

Remuneration payable to Non-Executive Directors is proposed by the Board and is subject to shareholders' approval at the Annual General Meeting.

Practice 7.1 - Remuneration of Directors

The details of the Directors' remuneration comprising remuneration received from the Company and its subsidiaries in the financial year ended 31 December 2018 are as follows:-

Group	Salaries RM	Fees RM	Retirement Benefits RM	Meeting Allowances RM	Benefit-in-kind RM	Total RM
General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj. Nordin (Rtd.)	-	60,000	-	7,000	-	67,000
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	930,708	12,000	112,135	1,000	-	1,055,843
Tan Sri Datuk (Dr.) Rafiah Binti Salim	-	48,000	-	3,000	-	51,000
Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar	-	48,000	-	8,500	-	56,500
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	-	48,000	-	6,000	-	54,000
Sanjeev Nanavati	-	48,000	-	5,000	-	53,000
Maha Ramanathan Palan	-	20,000	-	1,000	-	21,000

Company	Salaries RM	Fees RM	Retirement Benefits RM	Meeting Allowances RM	Benefit-in-kind RM	Total RM
General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj. Nordin (Rtd.)	-	60,000	-	7,000	-	67,000
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	-	12,000	-	1,000	-	13,000
Tan Sri Datuk (Dr.) Rafiah Binti Salim	-	48,000	-	3,000	-	51,000
Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar	-	48,000	-	8,500	-	56,500
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	-	48,000	-	6,000	-	54,000
Sanjeev Nanavati	-	48,000	-	5,000	-	53,000
Maha Ramanathan Palan	-	20,000	-	1,000	-	21,000

Practice 7.2 –Remuneration of Key Senior Management

The aggregate remuneration paid out to key senior management on group basis during the financial year ended 31 December 2018 are as follows:-

Remuneration RM	No. of key senior management*
1,362,570	3

Note:
**exclude remuneration of Group Managing Director which has been disclosed under the Director's Remuneration above.*

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Management Committee

The Audit and Risk Management Committee consists of the following members:-

Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar
(Independent Non-Executive Director)
Chairman

Dato' Tan Choon Hwa @ Esther Tan Choon Hwa
(Independent Non-Executive Director)
Member

Sanjeev Nanavati
(Independent Non-Executive Director)
Member

The Chairman of the ARMC is not the Chairman of the Board. The ARMC members have a wide range of relevant accounting or related financial management skills, knowledge and experience in discharging their duties and one of the ARMC member is a member of the Malaysian Institute of Accountants thus fulfilling the requirement under paragraph 15.09(1)(c)(i) of the MMLR of Bursa Securities.

The ARMC Report is set out separately in this Annual Report. Full details of the ARMC's duties and responsibilities are stated in its TOR which is made available on the Company's website.

Practice 8.2 and 8.3 – Oversight of External Auditors

In order to ensure that the External Auditors remain independent and objective, the ARMC's TOR sets out the nature for the provision of non-audit services which can be entered into by the Group with the External Auditors and the procedures to be followed to obtain approval for those services where they are permitted. The Group engaged the External Auditors to perform non-audit service to review Statement of Risk Management and Internal Control. The ARMC is of the view that the provision of the non-audit service did not impair the External Auditors' independence as the fees paid are not significant. The External Auditors have provided a written assurance to the ARMC that they have been independent throughout the conduct of the audit engagement with the Group for the financial year ended 31 December 2018.

The total of audit and non-audit fees incurred for services rendered by the External Auditors to the Company are as follows:

	Financial year ended 31 December 2018 RM
Statutory audit fees	70,000
Non-audit fees	6,000
Total	76,000

The Board, through its ARMC maintains a formal and transparent relationship with its External Auditors. The Board had delegated the responsibility to the ARMC for making recommendations on the appointment, re-appointment or removal of the External Auditors as well as on their remunerations. The ARMC will ensure that the External Auditors work closely with the Internal Auditors to enhance the effectiveness of the overall audit process. The ARMC will assess the performance and effectiveness of the External Auditors annually, considering amongst others, their qualifications, effectiveness of the audit process, quality of service and their independence.

Private meetings between the ARMC and External Auditors will be held at least once in each financial year without the presence of the Management and Executive Directors, to discuss any issues that may require the attention of the ARMC.

The full details of the role of the ARMC in relation to the External Auditors are set out in the ARMC Report of this Annual Report.

II. Risk Management and Internal Control Framework

Practice 9.1, 9.2 and 9.3 – Board Responsibility on Risk Management and Internal Control

The Board acknowledges its overall responsibility to maintain effective governance, risk management and compliance framework. Supported by the Management and internal audit function, the Board ensures the adequacy and effectiveness of the Group's risk management and internal control practices. The Board is responsible to ensure that the Group complies with all applicable provisions of law and regulations and ensures that appropriate risk management systems are in place throughout the Group. The ARMC assists the Board to oversee and review the effectiveness of the Group's risk management and internal control systems. To facilitate effective monitoring, the Board through ARMC regularly receives reports from the Internal Auditors on any business risks related to its business activities that have impacted or likely to impact the Group from achieving of its objectives and strategies.

Compliance relating to risk recognition and management is presented in the Statement on Risk Management and Internal Control of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

Practice 10.1 and 10.2 – Internal Audit function

The Board has established an independent internal audit function that reports directly to the ARMC. The internal audit function of the Group is outsourced to an independent internal audit consultant and therefore is independent of the activities it audits. The Head of the Internal Auditors is a member of the Institute of Internal Auditors Malaysia and possesses the skills, experience and competency to effectively carry out the internal audit work.

The Internal Auditors is entrusted to provide an independent evaluation on the effectiveness of the risk management and internal control system of the Group based on an agreed scope of work. It will also carry out a follow-up review on the issue raised in the previous internal audit and to ensure that the proposed action plan has been implemented by the Management to mitigate the risk exposure of the Group.

Details of the internal audit function and activities are provided in the ARMC Report of this Annual Report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

Practice 11.1 – Communication with Stakeholders

The Company is committed to ensure that timely, accurate and complete information about the Company is provided equally to its shareholders, stakeholders and to the general investing public. Timely information is critical towards building and maintaining the Group's corporate credibility, market integrity and promotes investor confidence.

The Company has in place a Shareholder Communications Policy ("SCP") which provides guidance to the Management and employees on the Company's disclosure requirements, handling of material information, and in dealing with investors, analysts, media and the investing public. The Board delegates the implementation of the SCP Policy to the Group Managing Director and the Group Chief Financial Officer. The Group also maintains comprehensive control of all important corporate information and prohibits any insider trading by any Director or principal officer when he or she is in possession of price sensitive information.

The Company strives to promote a better understanding of the Group through investor relation activities. Apart from general meetings, the Company has in place the following initiatives to facilitate effective communication with its shareholders:-

(a) the Annual Report;
(b) various announcements made to Bursa Securities;
(c) regular dialogues with analysts and fund managers representing individual and institutional shareholders;
(d) attending to shareholders' and investors' emails and phone enquiries; and
(e) the Company's website at http://mindaglobal.com.my/ under Investor Relations section, which houses Board Charter, Company's Policies, annual reports, quarterly and full year financial results, press releases and other corporate information on Minda Global. The website also provides Investor Relations contact for shareholders to direct their queries or concerns to.

II. Conduct of General Meetings

Practice 12.1 – Notice of general meeting

General meetings are the important platform for the shareholders to exercise their rights in the Company, either in Annual General Meeting ("AGM") or Extraordinary General Meeting.

Shareholders are invited to the general meetings through a notice of meeting that specify the venue, day and hour of the meeting, as well as the business of the meeting. The notice of meeting of AGM together with the annual report is sent to the shareholders at least 28 days prior to the AGM, so as to maximise their attendance and to provide sufficient time for them to consider the business to be discussed at the meeting. Concurrently, the notice of AGM is advertised in a nationally circulated English daily newspaper. In order to facilitate informed decision by the shareholders, notice of meeting is also accompanied by explanatory notes on the items of business to further explain the nature of business of the meeting.

Practice 12.2 – Attendance of directors at general meetings

AGM is the main avenue for shareholders to interact directly with the Board and gain insights on the Company's business and financial position. It serves as a platform for shareholders to have a full understanding of the Company and the Group. At the AGM, the Group Managing Director/ Group Chief Executive Officer presents a review of the Group's financial performance, initiatives and value created for the shareholders.

The Chairman will ensure that shareholders are given the opportunity to comment or raise issues and questions whether pertaining to issues on the agenda, the annual report, Group's strategy or developments in the Group. The Chairman plays a vital role in fostering constructive dialogue between the Board and the shareholders. All the members of the Board and the respective chairman of the Board's Committees are present at the meetings to address queries raised by the shareholders which are relevant to their areas of responsibility. The Company's External Auditors will also attend the AGM and would be available to answer questions from the shareholders pertaining to the audit matters and the auditor's report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Continued)

Practice 12.3 – Voting

In the event that shareholders are unable to attend the AGM in person, they are encouraged to appoint one (1) or more proxies to attend and vote in his/her stead. The outcome of the meeting is announced to Bursa Securities on the same day, which is also accessible on the Company's website.

Pursuant to the MMLR of Bursa Securities, the Company is required to ensure that all resolutions as set out in the Notice of AGM is voted by poll. Hence, all the resolutions set out in the Notice of the forthcoming Second AGM will be voted by poll to support shareholders' participation. With poll voting, each shareholder present in person or represented by proxy at the general meeting will be entitled to vote on a one-share, one-vote basis. An independent scrutineer will be appointed to validate the votes cast at the meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is committed to ensure the reliability of the Company's financial statements. The Board strives to ensure that annual financial statements give a true and fair view of the state of affairs, and of the results of the operations of the Company for the financial year ended 31 December 2018. As required by the Companies Act 2016 and the MMLR of Bursa Securities, the financial statements have been prepared in accordance with applicable approved accounting standards in Malaysia.

In preparing the financial statements, the Board has applied appropriate accounting policies on a consistent basis and made judgements and estimates that are reasonable and prudent. The financial statements had been prepared on a going concern basis.

The Board is responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Group and of the Company.

The Board is also responsible for taking such reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other such irregularities.

STATEMENT OF COMPLIANCE WITH THE MCCG 2017

The Board is satisfied that the Group has substantially complied with the majority of the practices of the MCCG 2017 throughout the financial year. In pursuit of safeguarding the interest of the shareholders and other stakeholders, the Board is committed and will continue to strengthen its application of the best practices in corporate governance.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 19 April 2019.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Minda Global is pleased to present the Audit and Risk Management Committee ("ARMC") Report ("Report") for the financial year ended ("FYE") 31 December 2018.

COMPOSITION OF THE ARMC AND MEETINGS

The ARMC of the Company was established on 14 February 2018. The Board had on 26 April 2018 resolved to combine the Audit Committee of the Company with Risk Management Committee, which was subsequently renamed as Audit and Risk Management Committee.

The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors of the Company. One of the member of the ARMC, is a member of the Malaysian Institute of Accountants. The composition of the ARMC complied with Paragraph 15.09(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). As at the date of this Report, the members of the ARMC are as follows:-

Name of Member

Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar
(Independent Non-Executive Director)
Chairman

Dato' Tan Choon Hwa @ Esther Tan Choon Hwa
(Independent Non-Executive Director)
Member

Sanjeev Nanavati
(Independent Non-Executive Director)
Member

MEETINGS

The ARMC held five (5) meetings during the financial year ended 31 December 2018. The attendance of the ARMC members was as follows:-

ARMC Member	Number of meetings attended/ Number of meetings held
Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar	5/5
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	5/5
Sanjeev Nanavati	4/5

TERMS OF REFERENCE

The Terms of Reference ("TOR") of the ARMC which sets out the authority, duties and responsibilities of the ARMC are consistent with the requirements of the MMLR of Bursa Securities and the Malaysian Code on Corporate Governance 2017 ("MCCG 2017"). The TOR of the ARMC are made available on the Company's website at http://mindaglobal.com.my/

SUMMARY OF WORK OF THE ARMC DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

During the FYE 31 December 2018, the activities of the ARMC included the following:-

i. Reviewed unaudited quarterly financial results and announcements of the Group prior to submission to the Board for consideration and approval. The items reviewed were the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows as well as the explanatory notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting. The ARMC also reviewed the variance of the quarterly results against the budget, if any;

ii. Reviewed the audited financial statements for the FYE 31 December 2017 prior to submission to the Board for consideration and approval. The ARMC took note of the External Auditors' observations arising from the audit that are significant e.g. any material variance between the financial results of the fourth quarter and the audited figures, and material weaknesses in internal controls;

iii. Reviewed the External Auditors' Audit Review Memorandum to the ARMC for the FYE 31 December 2017 in relation to the statutory audit;

iv. Reviewed the ARMC Report and Statement on Risk Management and Internal Control for the FYE 31 December 2017 and recommended the adoption to the Board;

v. Reviewed with the External Auditors the Audit Planning Memorandum for the financial year ended 31 December 2018 which comprised the declaration by the External Auditors of their professional independence, the audit objectives, the statutory/other responsibilities of the Auditors and Directors, scope of the audit and approach, fraud related matters and laws and regulations, areas of audit emphasis, significant audit findings, new Malaysian Financial Reporting Standards issued and effective/yet to be effective;

vi. Reviewed and recommended to the Board the re-appointment of External Auditors which was proposed for shareholders' approval at the Annual General Meeting held in 2018;

vii. Reviewed and approved appointment of the Internal Auditor for the FYE 31 December 2018 to ensure adequacy of audit scope, coverage, resources to carry out the internal audit functions effectively;

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Continued)

viii. Reviewed the internal audit reports tabled during the year by the Internal Auditors which highlighted key control issues together with causes, risks, audit recommendations for improvement and Management's action plans to address the control deficiencies;

ix. Reviewed the follow up audit reports tabled during the year by the Internal Auditors on the adequacy and effectiveness of the action plans or corrective actions undertaken by Management in addressing the audit issues or control deficiencies highlighted from internal audit reports;

x. Reported to the Board on significant issues and concerns discussed during the ARMC's meetings together with applicable recommendations; and

xi. Reviewed the Enterprise Risk Management Framework, Risk Assessment Report and Risk Action Plans Report including key risks identified and action plans to address the said key risks.

INTERNAL AUDIT FUNCTION

In accordance with paragraph 15.27 of the MMLR of Bursa Securities, a listed issuer must establish an internal audit function which is independent of the activities it audits and must ensure its internal audit function reports directly to the ARMC.

Furthermore, the Group had established an internal audit function which is essential for assisting the ARMC in reviewing the state of the systems of internal control maintained by the Management.

This function is outsourced to an internal audit consulting company. The audit team members are independent of the activities audited by them. Functionally, the Internal Auditors review and assess the Group's system of internal control and report to the ARMC directly.

The Internal Auditors have performed their work in accordance with the principles of the International Professional Practice Framework on internal auditing covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the audit concerns.

All internal audit reports were reviewed by the ARMC and discussed at ARMC meetings. Follow-up reviews would subsequently be performed to ascertain the extent of implementation of the recommended corrective actions for improvements.

The Internal Auditors place great importance on the effective and fair communication with all stakeholders. Open channels of communication are maintained to facilitate this. In striving for continuous improvement, the Internal Auditors endeavour to put in place appropriate action plans and carry out necessary assignments to further enhance the Company's systems of internal control.

Its resources and manpower requirements are reviewed on a regular basis to ensure their function are carried out effectively.

In summary, the main responsibilities of the Internal Auditors are to:-

- Undertake periodic reviews of the Group's operations and the systems of internal control by performing periodic reviews of the business processes to examine and evaluate the adequacy and efficiency of financial and operating controls, and highlight significant risks and non-compliance impacting the Group.

- Where applicable, the Internal Auditors provide recommendations to improve on the effectiveness of risk management, control and governance processes. The Management will follow through and review the status of actions on recommendations made by the Internal Auditors.

- Internal audit reviews are carried out on units that are identified premised on a risk-based approach, in line with the Group's objectives and policies in the context of its evolving business and regulatory environment, taking into consideration input of the Management and the Board.

- The ARMC meets on a quarterly basis to review the internal control issues identified in reports prepared by Internal Auditors and further evaluates the effectiveness and adequacy of the Group's internal control system.

- The ARMC has active oversight on Internal Auditors' scope of work and resources. It also reviews the Internal Audit function and the scope of the annual audit plan and frequency of the internal audit activities.

During the financial year, the Internal Auditors conducted the following internal audit reviews in accordance with the approved Internal Audit Plan for 2018:-

i. Internal Audit Review of Student Registration/ Admission & Administration function at Cyberjaya University College of Medical Sciences ("CUCMS") campus;
ii. Internal Audit Review of Safety and Health function at CUCMS campus;
iii. Internal Audit Review of Business Development function at Asia Metropolitan University ("AMU") Main Campus;
iv. Internal Audit Review of Revenue/Account Receivable function at AMU Main Campus; and
v. Follow up status reports on previously reported internal audit findings.

This ARMC Report is made in accordance with the resolution of the Board of Directors dated 19 April 2019.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of the Company is pleased to provide the following statement on risk management and internal control of the Group for financial year ended 31 December 2018 ("Statement"). This has been prepared in accordance to Paragraph 15.26(b) of the MMLR of Bursa Securities and *"Statement on Internal Control and Risk Management: Guidelines for Directors of Listed Issuers"*.

BOARD RESPONSIBILITIES

The Board acknowledges its overall responsibility in establishing a sound risk management framework and internal control system.

On 29 August 2018, the Company had appointed Axcelasia Columbus Sdn Bhd ("Axcelasia"), to enhance the Enterprise Risk Management ("ERM") Framework of the Company and to facilitate systematic application of ERM practices and continuous reporting of risk management activities. The appointment included the facilitation process to identify and analyse key risks associated with the strategic, operational, financial, and compliance perspectives of the Company and to assist the Company in identifying suitable strategy and action plans to deal with the top risks/challenges, so as to minimise potential losses or maximise (take advantage of) the opportunities within the risks.

The above engagement was completed for the Company and its key subsidiary. The Management intends to roll out the above ERM Framework to the remaining active subsidiaries.

The Board is of the view that the risk management framework and internal control system are designed to manage the Group's risks within an acceptable risk appetite, rather than eliminate the risk of failure to achieve the goals and objectives of the Group. It can therefore only provide reasonable, rather than absolute assurance of effectiveness against material misstatement of management and financial information or against financial losses and fraud.

The Board has established appropriate control structure and process for identifying, evaluating, monitoring, and managing significant risks that may affect the achievement of business objectives. The control structure and process which have been instituted throughout the Group are updated and reviewed from time to time to suit the changes in the business environment, and this on-going process has been in place for the whole financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

INTERNAL CONTROL STRUCTURE

The key processes that the Board has established in reviewing the adequacy and effectiveness of the risk management and internal control system include the following:

RISK MANAGEMENT FRAMEWORK

The enhanced ERM Framework, which is in line with ISO31000:2018, outlines the risk governance and structure, risk policies, risk assessment process and integration of risk management into significant activities and functions.

The Board has established an organisation structure with clearly defined lines of responsibility, authority limits, and accountability aligned to business and operations requirements which support the risk management process and practices.

The Board has extended the responsibilities of the ARMC to oversee the company-wide risk management practices. Any approved policy and framework formulated to identify, measure and monitor various risk components would be reviewed and recommended by the ARMC to the Board. Additionally, the ARMC reviews and assesses the adequacy of these risk management and ensures infrastructure, resources and systems are in place for risk management.

The ARMC is assisted by the Risk Management Sub-Committee which consists of the Management team. The Risk Management Sub-Committee monitors the policy implementation, provides risk education across the Group, reports and monitors on key risks identified and ensures accountability of the respective Risk Owner and Risk Co-owner.

Day to day operations in respect of financial, commercial, legal compliance and operational aspects of the Group are closely monitored by the respective Heads of Department and they are delegated with the responsibilities to identify and manage these risks.

Significant risks identified during the risk assessment process were maintained in a formal database of risks and controls information i.e., risk registers, which capture the possible root causes, existing key controls and impact. The risks were then categorised by the likelihood of occurrence and criticality of impact i.e., Low, Medium, High and Extreme.

A risk profile for each business function was established to provide the Management a holistic view of the risks to assist in its formulation of strategies, business plans and decision making process. Subsequently, risk action plan identification was carried out for the Top 6 Risks of the Company to manage the risks to an optimal level.

INTERNAL AUDIT FUNCTION

The Group has established an Internal Audit Function through the appointment of an independent consulting firm which reports to the ARMC and assists the ARMC in reviewing the effectiveness of the internal control system whilst ensuring that there is an appropriate balance of controls and risk management throughout the Group in achieving its business objectives.

For the financial year under review, the Internal Auditors conducted and reported the following to the ARMC: -

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Audit Period	Reporting Month	Name of Entity Audited	Audited Areas
1st Quarter 2018 (January 2018 – March 2018)	May 2018	CUCMS Education Sdn Bhd ("CESB")	• Internal Audit Review of Student Registration/Admission & Administration function at CUCMS Campus • Internal Audit Review of Safety and Health
2nd Quarter 2018 (April 2018 – June 2018)	August 2018	Asiamet (M) Sdn Bhd ("AMSB")	• Internal Audit Review of Business Development • Internal Audit Review of Revenue/ Account Receivable
3rd Quarter 2018 (July 2018 – September 2018)	November 2018	CESB	Follow up actions on previously reported internal audit findings
4th Quarter 2018 (October 2018 – December 2018)	February 2019	AMSB	Follow up actions on previously reported internal audit findings

In line with this, the ARMC considered all the findings of internal audit through the review of the internal audit reports, the Management responses and the recommendations made by Internal Auditors which were tabled at the ARMC meeting.

Follow-up visits were also carried out to ensure weaknesses identified have been or are being addressed. Audit reports and status reports on follow up actions were tabled to the ARMC during its quarterly meetings. For the financial year ended 31 December 2018, the total costs incurred for the outsourced internal audit function was RM24,000.00.

The Internal Audit Function includes:-

- Undertaking periodic reviews of the Group's operations and the systems of internal control by performing periodic reviews of the business processes to examine and evaluate the adequacy and efficiency of financial and operating controls, and highlights significant risks and non-compliance impacting the Group.

- Where applicable, the Internal Auditors provide recommendations to improve on the effectiveness of risk management, control and governance processes. The Management will follow through and review the status of actions on recommendations made by the Internal Auditors.

- Internal audit reviews are carried out on units that are identified premised on a risk-based approach, in line with the Group's objectives and policies in the context of its evolving business and regulatory environment, taking into consideration input of the senior management and the Board.

- The ARMC meets on a quarterly basis to review the internal control issues identified in reports prepared by Internal Auditors and further evaluates the effectiveness and adequacy of the Group's internal control system.

- The ARMC has active oversight on internal audit's scope of work and resources. It also reviews the internal audit function and the scope of the annual audit plan and frequency of the internal audit activities.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of the procedures established by the Board that provides effective internal control include:-

- Other Board Committees are also established to assist the Board in performing its oversight function namely Nomination and Remuneration Committee.

- A defined framework with appropriate empowerment and authority limits has been approved by the Board.

- There are policies and procedures in place to ensure compliance with internal control and the prescribed laws and regulations. These policies and procedures are updated from time to time in tandem with changes to the business environment or regulatory guidelines.

- On behalf of the Board, the ARMC has the responsibility for oversight of risk management and internal controls over financial reporting and the operations of the Group.

- During the financial year and up to the date of this Statement, the ARMC have kept under review the effectiveness of this system of internal control, and

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

have reported quarterly to the Board. In carrying out their reviews, the ARMC receives internal audit reports from the Internal Auditors; reports on the annual reviews of the internal control system of the Company which covers all internal controls, both financial and non-financial; contingencies or uncertainties caused by weaknesses in internal controls.

- The Management is responsible and empowered to carry out the below internal control activities:
  - Identifying and evaluating the risks faced, in the achievement of business objectives and strategies;
  - Formulating relevant policies and procedures to manage these risks;
  - Designing, implementing, and monitoring a sound system of internal control;
  - Implementing the key policies which are reported to the Board; and
  - Reporting in a timely manner to the Board any changes to the risks and corrective actions taken.

ASSURANCE FROM THE MANAGEMENT

The Board has received reasonable assurance from the Group Managing Director and Group Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group for the financial year ended 31 December 2018, and up to the date of this Statement.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the MMLR of Bursa Securities, the External Auditors have performed a limited assurance engagement on this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 December 2018. Their engagement was performed in accordance with the Audit and Assurance Practice Guide 3 (previously RPG 5 (Revised 2015)) issued by the Malaysian Institute of Accountants which does not require the Auditors to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system. Based on their procedures performed, the External Auditors reported that nothing has come to their attention that would cause them to believe that the Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" nor is the same factually inaccurate.

CONCLUSION

For the financial year under review and , and up to the date of this Statement, the Board is of the opinion that there is an ongoing process of identifying, evaluating, and managing significant risks faced by the Group. The Board continues to take appropriate action plans to strengthen the risk management and internal control systems to meet the Group's objectives.

This Statement is made in accordance with a resolution of the Board of Directors dated 19 April 2019.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

There was no utilisation of proceeds raised from any corporate proposal during the financial year.

NON-AUDIT FEES

The amount of audit and non-audit fees paid to the External Auditors of the Company and the Group during the financial year are as follows:-

	Company RM	Group RM
Audit fees	70,000	364,000
Non-audit fees:		
– Review of statement on risk management and internal control	6,000	6,000
Total	**76,000**	**370,000**

MATERIAL CONTRACT INVOLVING DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

There was no material contract entered into by the Company and its subsidiaries involving the current Directors' and major shareholders' interests which were subsisting at the end of the financial year ended 31 December 2018.

LIST OF PROPERTIES

No.	Name of Registered Owner / Beneficial Owner: Lot. No./Postal address	Description / Existing Use	Land area / Built-up area (sq ft)	Freehold / Leasehold	Approximate Age of Building	Date of Acquisition	Net book value as at 31 December 2018 (RM'000)
1	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. G-01 to G-10, 1-01 to 1-10, 2-01 to 2-15, 3-01 to 3-15 Type: RKB, Taman Kemacahaya held under part of GM 5105, Lot 13158 (formerly known as HS (M) 4900, PT No. 5707) in the Mukim and District of Hulu Langat, Negeri Selangor ("Kemacahaya Master Title") Postal Address Unit No. G-01 to G-10, 1-01 to 1-10, 2-01 to 2-15, 3-01 to 3-15 Jalan Kemacahaya 11, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	10 units at the Ground Floor, 10 units at the First Floor, 15 units at the Second Floor and 15 units at the Third Floor in a block of 4-storey shop office / campus	- / 84,246	Freehold	17 years	23-Jan-06	
2	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. G-13, Ground Floor, Type: RKB, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. G-13, Ground Floor, Type: RKB, Jalan Kemacahaya 11, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit at the Ground Floor in a 3-storey shop office / office	- / 1,737	Freehold	17 years	17-May-06	Refer to page 54
3	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. G-14 and G-15, Ground Floor, Type: RKB, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit Nos. G-14 and G-15, Ground Floor, Type: RKB, Jalan Kemacahaya 11, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	2 units at the Ground Floor in a block of 3-storey shop office / office (G-14) and clinic (G-15)	- / 3,190	Freehold	17 years	20-Mar-07	

LIST OF PROPERTIES (Continued)

No.	Name of Registered Owner / Beneficial Owner: Lot. No./Postal address	Description / Existing Use	Land area / Built-up area (sq ft)	Freehold / Leasehold	Approximate Age of Building	Date of Acquisition	Net book value as at 31 December 2018 (RM'000)
4	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. 15-1, First Floor, Type: RKB, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. 15-1, First Floor, Type: RKB, Jalan Kemacahaya 11, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit at the First Floor in a 3-storey shop office / office	- / 1,581	Freehold	17 years	20-Mar-07	Refer to page 54
5	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-4-G, Ground Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-4-G, Ground Floor, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit at the Ground Floor in a 3-storey shop office / computer lab	- / 1,606	Freehold	17 years	6-Sep-08	
6	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-5-G, Ground Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-5-G, Ground Floor, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit at the Ground Floor in a 3-storey shop office / computer lab	- / 1,606	Freehold	17 years	6-Sep-08	

LIST OF PROPERTIES (Continued)

No.	Name of Registered Owner / Beneficial Owner: Lot. No./Postal address	Description / Existing Use	Land area / Built-up area (sq ft)	Freehold / Leasehold	Approximate Age of Building	Date of Acquisition	Net book value as at 31 December 2018 (RM'000)
7	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-14-G, Ground Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-14-G, Ground Floor, Type: RKA, Jalan Kemacahaya 11, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit at the Ground Floor in a 3-storey shop office / classroom	- / 1,606	Freehold	17 years	19-Dec-07	Refer to page 54
8	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-12-G, Ground Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-12-G, Ground Floor, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit at the Ground Floor in a 3-storey shop office / classroom	- / 1,606	Freehold	17 years	22-Mar-07	
9	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-15-G, Ground Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-15-G, Ground Floor, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit at the Ground Floor in a 3-storey shop office / examination department	- / 1,606	Freehold	17 years	21-Jan-08	

LIST OF PROPERTIES (Continued)

No.	Name of Registered Owner / Beneficial Owner: Lot. No./Postal address	Description / Existing Use	Land area / Built-up area (sq ft)	Freehold / Leasehold	Approximate Age of Building	Date of Acquisition	Net book value as at 31 December 2018 (RM'000)
10	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-15-1 (Front Portion), First Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-15-1 (Front Portion), First Floor, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit of the Front Portion at the First Floor in a 3-storey shop office / examination department	- / 892	Freehold	17 years	21-Jan-08	
11	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-15-1 (Back Portion), Floor No. First Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-15-1 (Back Portion), First Floor, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit of the Back Portion at the First Floor in a 3-storey shop office / examination department	- / 748	Freehold	17 years	21-Jan-08	Refer to page 54
12	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-15-2 (Front Portion), Second Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-15-2 (Front Portion), Second Floor, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit of the Front Portion at the Second Floor in a 3-storey shop office / examination department	- / 910	Freehold	17 years	21-Jan-08	

LIST OF PROPERTIES (Continued)

No.	Name of Registered Owner / Beneficial Owner: Lot. No./Postal address	Description / Existing Use	Land area / Built-up area (sq ft)	Freehold / Leasehold	Approximate Age of Building	Date of Acquisition	Net book value as at 31 December 2018 (RM'000)
13	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-15-2 (Back Portion), Second Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-15-2 (Back Portion), Second Floor, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit of the Back Portion at the Second Floor in a 3-storey shop office / examination department	- / 748	Freehold	17 years	21-Jan-08	Refer to page 54
14	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-2-1 (Front Portion), First Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-2-1 (Front Portion), First Floor, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit of the Front Portion at the First Floor in a 3-storey shop office / teaching and learning centre	- / 892	Freehold	17 years	15-Dec-08	
15	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-1-1 (Front Portion), First Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-1-1 (Front Portion), First Floor, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit of the Front Portion at the First Floor in a 3-storey shop office / classroom	- / 892	Freehold	17 years	15-Dec-08	

LIST OF PROPERTIES (Continued)

No.	Name of Registered Owner / Beneficial Owner: Lot. No./Postal address	Description / Existing Use	Land area / Built-up area (sq ft)	Freehold / Leasehold	Approximate Age of Building	Date of Acquisition	Net book value as at 31 December 2018 (RM'000)
16	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-1-1 (Back Portion), First Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-1-1 (Back Portion), First Floor, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit of the Back Portion at the First Floor in a 3-storey shop office / classroom	- / 748	Freehold	17 years	15-Dec-08	Refer to page 54
17	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-6-G, Ground Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-6-G, Ground Floor, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit at the Ground Floor in a 3-storey shop office / computer lab	- / 1,606	Freehold	17 years	25-Mar-08	
18	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd One-Storey Food Court (Hawker Centre), Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address One-Storey Food Court (Hawker Centre), Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 block of a 1-storey building / auditorium	153,149 / 15,400	Freehold	17 years	23-Jan-06	

LIST OF PROPERTIES (Continued)

No.	Name of Registered Owner / Beneficial Owner: Lot. No./Postal address	Description / Existing Use	Land area / Built-up area (sq ft)	Freehold / Leasehold	Approximate Age of Building	Date of Acquisition	Net book value as at 31 December 2018 (RM'000)
19	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-18-G, Ground Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-18-G, Ground Floor, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit at the Ground Floor in a 3-storey shop office / classroom	- / 1,606	Freehold	17 years	30-Jun-08	Refer to page 54
20	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-18-2 (Front Portion), Second Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-18-2 (Front Portion), Second Floor, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit of the Front Portion at the Second Floor in a 3-storey shop office / vacant	- / 910	Freehold	17 years	30-Jun-08	
21	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-16-G, Floor No. Ground Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-16-G, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit at the Ground Floor in a 3-storey shop office / Student Representative Council	- / 1,606	Freehold	17 years	7-Aug-08	

LIST OF PROPERTIES (Continued)

No.	Name of Registered Owner / Beneficial Owner: Lot. No./Postal address	Description / Existing Use	Land area / Built-up area (sq ft)	Freehold / Leasehold	Approximate Age of Building	Date of Acquisition	Net book value as at 31 December 2018 (RM'000)
22	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-1-G, Floor No. Ground Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-1-G, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit at the Ground Floor in a 3-storey shop office / cafeteria	- / 1,606	Freehold	17 years	7-Aug-08	Refer to page 54
23	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-2-G, Floor No. Ground Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-2-G, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit at the Ground Floor in a 3-storey shop office / student rest area	- / 1,606	Freehold	17 years	7-Aug-08	
24	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. A-3-G, Floor No. Ground Floor, Type: RKA, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. A-3-G, Jalan Kemacahaya 12, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	1 unit at the Ground Floor in a 3-storey shop office / student rest area	- / 1,606	Freehold	17 years	7-Aug-08	

LIST OF PROPERTIES (Continued)

No.	Name of Registered Owner / Beneficial Owner: Lot. No./Postal address	Description / Existing Use	Land area / Built-up area (sq ft)	Freehold / Leasehold	Approximate Age of Building	Date of Acquisition	Net book value as at 31 December 2018 (RM'000)
25	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Unit No. G-11, G-12, 1-11, 1-12,1-13, and 1-14, Type: RKB, Taman Kemacahaya held under part of the Kemacahaya Master Title Postal Address Unit No. G-11, G-12, 1-11, 1-12,1-13, and 1-14, Type: RKB, Jalan Kemacahaya 11, Taman Kemacahaya, Batu 9, 43200 Cheras, Selangor	2 units at the Ground Floor, 4 units at the First Floor inva block of 4-storey shop office / campus	- / 10,422	Freehold	17 years	8-May-08	20,454
26	Syarikat Kemacahaya Sdn Bhd / Asiamet (M) Sdn Bhd Parcel A, Type: car park area, held under part of the Kemacahaya Master Title	1 lot of car park area	10,811 / -	Freehold	Not applicable	10-Aug-15	
27	Asiamet (M) Sdn Bhd / Asiamet (M) Sdn Bhd Pajakan Negeri Nos 89530 and 89531, Lot Nos 181679 and 181680, both in the Mukim of Hulu Kinta and District of Kinta, Perak Postal Address No. 26 and 28, Lebuh Perusahaan Klebang 1, IGB International Industrial Park, KM 8, Jalan Tunku Abdul Rahman, Tasek, 30010 Ipoh, Perak	A 4-storey main building, two 4-storey classroom blocks, two 2-storey laboratory buildings, a single storey shop, a single storey multi-purpose hall, a 3-storey auditorium block, a 4-storey hostel, a surau and a guard house/ campus/ main hall / hostel	301,938 / 191,026	Leasehold for 99 years expiring on 17 October 2089	12 years	14-Feb-07	15,839

LIST OF PROPERTIES (Continued)

No.	Name of Registered Owner / Beneficial Owner: Lot. No./Postal address	Description / Existing Use	Land area / Built-up area (sq ft)	Freehold / Leasehold	Approximate Age of Building	Date of Acquisition	Net book value as at 31 December 2018 (RM'000)
28	Asiamet (M) Sdn Bhd / Asiamet (M) Sdn Bhd Pajakan Negeri No 89532, Lot No 181681 in the Mukim of Hulu Kinta and District of Kinta, Perak Postal Address No. 24, Lebuh Perusahaan Klebang 1, IGB International Industrial Park, KM 8, Jalan Tunku Abdul Rahman Tasek, 30010 Ipoh, Perak	A piece of vacant land	136,083 (on land)	Leasehold for 99 years expiring on 17 October 2089	Not applicable	16-Feb-07	1,620
29	Asiamet (M) Sdn Bhd / Asiamet (M) Sdn Bhd HS(D) 7936 - 7939, PT 210 - 213, Seksyen 19 Bandar Kota Bharu, Kota Bharu, Kelantan Postal Address PT Nos. 210 - 213 (New Lots 632 – 635), Seksyen 19, Jalan Hamzah, 15050 Kota Bharu, Kelantan	4 lots of a 4-storey office shoplot / vacant	7,491 / 29,964	Leasehold for 66 years expiring on 10 May 2075	10 years	19-Jun-08	4,406
30	Asiamet (M) Sdn Bhd / Asiamet (M) Sdn Bhd Twenty-three (23) lots of shoplots held under HS(D) 3565 – HS(D) 3587, PT 321 - PT 343, all within Section 17, Bandar Kota Bharu, Daerah Jajahan Kota Bharu, Negeri Kelantan Postal Address Block 8 & 9, Bandar Baru Lembah Sireh, 15050 Kota Bharu, Kelantan	23 lots of 3 storey shoplots / campus	55,456 / 100,270	Leasehold for 99 years expiring on 20 August 2102	8 years	20-Jul-10	16,141

LIST OF PROPERTIES (Continued)

No.	Name of Registered Owner / Beneficial Owner: Lot. No./Postal address	Description / Existing Use	Land area / Built-up area (sq ft)	Freehold / Leasehold	Approximate Age of Building	Date of Acquisition	Net book value as at 31 December 2018 (RM'000)
31	Asiamet (M) Sdn Bhd / Asiamet (M) Sdn Bhd Town Lease Nos. 017546048, 017546057, 017546066, 017546075, 017546084, 017546093, 017546100, 017546119, 017546128, 017546137, 017546146, 017546155, 017546164 & 017546173, Likas in the District of Kota Kinabalu Postal Address Lots 41 - 54, Block E & F, Lorong Juta 5, Plaza Juta, Jalan Tuaran Likas, 88400 Kota Kinabalu, Sabah	2 blocks of 5-storey building / campus	20,990 / 104,950	Leasehold for 99 years expiring on 31 December 2092	6 years	20-Dec-09	26,068
32	Asiamet (M) Sdn Bhd / Asiamet (M) Sdn Bhd Town Lease Nos. 017545961, 017545970, 017545989, 017545998 and 017546002, Likas in the District of Kota Kinabalu Postal Address Lots 33, 34, 35, 36 and 37, Lorong Juta 5, Plaza Juta, Batu 4, Jalan Tuaran Likas, 88400 Kota Kinabalu, Sabah	5 lots of a 4-storey commercial building / campus	8,690 / 35,415	Leasehold for 99 years expiring on 31 December 2092	10 years	25-Aug-08	11,361
33	Asiamet (M) Sdn Bhd / Asiamet (M) Sdn Bhd Town Lease Nos. 017546011, 017546020 and 017546039, Likas in the District of Kota Kinabalu Postal Address Lots 38, 39 and 40, Lorong Juta 5, Plaza Juta, Batu 4, Jalan Tuaran Likas, 88400 Kota Kinabalu, Sabah	3 lots of a 4-storey commercial building / campus	5,476 / 21,249	Leasehold for 99 years expiring on 31 December 2092	10 years	25-Aug-08	

ANALYSIS OF SHAREHOLDINGS
AS AT 29 MARCH 2019

Issued Paid-Up Capital	: RM379,756,114.74
Total Number of Issued Shares	: 1,239,905,790
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	%
Less than 100	28	0.64	312	0.00
100 – 1,000	507	11.53	376,045	0.03
1,001 - 10,000	2,039	46.35	11,217,001	0.90
10,001- 100,000	1,457	33.12	55,581,100	4.49
100,001 – 61,995,288 (*)	363	8.25	266,231,120	21.47
61,995,289 and above (**)	5	0.11	906,500,212	73.11
Total	**4,399**	**100.00**	**1,239,905,790**	**100.00**

Notes :
** Less than 5% of Issued Shares*
***5% and Above of Issued Shares*

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

Name	Shareholdings			
	Direct	%	Indirect	%
General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj Nordin (Rtd.)	-	-	-	-
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	-	-	706,500,212*1	56.98
Tan Sri Datuk (Dr.) Rafiah Binti Salim	-	-	-	-
Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar	-	-	-	-
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	-	-	-	-
Sanjeev Nanavati	-	-	-	-
Maha Ramanathan Palan	-	-	-	-

Notes :
**1 Deemed interested by virtue of his shareholdings in SMRT Holdings Berhad, SMR Education Sdn Bhd and Strategic Ambience Sdn Bhd as per Section 8 of the Companies Act 2016.*

ANALYSIS OF SHAREHOLDINGS
(Continued)

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Shareholdings			
	Direct	%	Indirect	%
SMR Education Sdn Bhd	371,102,837	29.93	-	-
SMRT Holdings Berhad	248,897,163	20.07	457,603,049*1	36.91
Dayatahan Sdn Bhd	200,000,000	16.13	-	-
Strategic Ambience Sdn Bhd	86,500,212	6.98	-	-
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	-	-	706,500,212*2	56.98
Dato' Abd Aziz Bin Sheikh Fadzir	4,879,100	0.39	200,000,000*3	16.13

Notes :
*1 *Deemed interested by virtue of its shareholdings in SMR Education Sdn Bhd and Strategic Ambience Sdn Bhd as per Section 8 of the Companies Act 2016.*
*2 *Deemed interested by virtue of his shareholdings in SMRT Holdings Berhad, SMR Education Sdn Bhd and Strategic Ambience Sdn Bhd as per Section 8 of the Companies Act 2016.*
*3 *Deemed interested by virtue of his shareholdings in Dayatahan Sdn Bhd as per Section 8 of the Companies Act 2016.*

No.	Name	No. of Shares Held	%
1.	SMR Education Sdn Bhd	274,902,837	22.17
2.	SMRT Holdings Berhad	248,897,163	20.07
3.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dayatahan Sdn Bhd	200,000,000	16.13
4.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for SMR Education Sdn Bhd (SMART)	96,200,000	7.76
5.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Strategic Ambience Sdn Bhd (41425392546A)	86,500,212	6.98
6.	Urusharta Jamaah Sdn Bhd	55,040,000	4.44
7.	Arenga Pinnata Sdn Bhd	14,400,088	1.16
8.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Thevandran A/L K Ragavan (021)	12,918,200	1.04
9.	Teniza Holdings Sdn Bhd	7,335,000	0.59
10.	Ong Wan Chin	6,510,000	0.53
11.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Yayasan Pok Dan Kassim (MP0296)	5,000,000	0.40
12.	Chew Weng Choy	4,300,000	0.35

ANALYSIS OF SHAREHOLDINGS
(Continued)

No.	Name	No. of Shares Held	%
13.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Heng Yong Kang @ Wang Yong Kang (08HE101Q1-008)	3,871,700	0.31
14.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Abd Aziz Bin Sheikh Fadzir	3,400,000	0.27
15.	Gurdip Singh Sidhu A/L Gurbachan Singh	2,916,200	0.24
16.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chen Siew Cheen	2,495,000	0.20
17.	Seamless Strength Sdn Bhd	2,358,400	0.19
18.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mystical Wonder Sdn Bhd	2,340,400	0.19
19.	HSBC Nominees (Asing) Sdn Bhd Exempt An for Bank Julius Baer & Co. Ltd. (Singapore Bch)	2,300,000	0.19
20.	KenangaNominees (Tempatan) Sdn Bhd Pledged Securities Account for Koh Boon Poh (008)	2,300,000	0.19
21.	Juasa Holdings Sdn Bhd	2,200,000	0.18
22.	Lim Keng Chuan	2,074,400	0.17
23.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Melody Station Sdn Bhd	2,025,800	0.16
24.	Alliance Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Batu Bara Resources Corporation Sdn Bhd	2,000,000	0.16
25.	Cartaban Nominees (Asing) Sdn Bhd Exempt An for CA Indosuez (Switzerland) SA, Geneva (Non Res)	2,000,000	0.16
26.	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Adhha' Amir Bin Dato' Abdullah	2,000,000	0.16
27.	Farhanah Binti Jaafar	1,800,000	0.15
28.	Fariz Bin Jaafar	1,800,000	0.15
29.	Ong Soi Tat	1,756,000	0.14
30.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Chiew Lai Khim (PB)	1,554,900	0.13
	TOTAL	**1,053,196,300**	**84.96**

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are disclosed in Note 9 to the financial statements. There has been no significant change in the nature of these activities during the financial year other than the acquisition of Asiamet Education Group Sdn. Bhd. ("AEGSB") and its subsidiaries as disclosed in Note 9 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year	15,943	4,362
Attributable to:		
Owners of the Company	15,943	4,362
Non-controlling interests	-	-
	15,943	4,362

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial period.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2018.

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 financial statements of the Group and of the Company were prepared, 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 there were no known bad debts and that adequate allowance had been made for doubtful debts.

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

DIRECTORS' REPORT
(Continued)

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets, other than debts, 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 that they might be expected so to realise.

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

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.

CONTINGENT AND OTHER LIABILITIES

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

(i) any charge on the assets of the Group or of the Company that 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 or of the Company that 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 or of the Company to meet their obligations as and when they fall due.

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 that 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 the effects of change in accounting policies as disclosed in Note 2.2(a) to 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.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company has issued 1,239,905,780 ordinary shares at an issue price of RM0.31 each as the consideration for the acquisition of the entire equity interest in its subsidiary, Asiamet Education Group Sdn. Bhd.

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

During the financial year, no new issue of debentures was made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

DIRECTORS' REPORT
(Continued)

DIRECTORS

The directors of the Company who held office during the financial year and during the period from the end of the financial year to the date of the report are:

General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj Nordin (Rtd.)	Appointed on 9 January 2018
Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	Appointed on 9 January 2018
Tan Sri Datuk (Dr.) Rafiah Binti Salim	Appointed on 9 January 2018
Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar	Appointed on 9 January 2018
Sanjeev Nanavati	Appointed on 9 January 2018
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	Appointed on 9 January 2018
Maha Ramanathan Palan	Appointed on 23 July 2018
Ng Hock Tiam	Resigned on 9 January 2018
Yew Kong Seong	Resigned on 9 January 2018

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Subramanian A/L Amamalay	
Major General Dato' Pahlawan Dr. Mohana Dass A/L Ramasamy (Rtd.)	
Tan Sri Dr. Zulkurnain Bin Awang	
Tan Sri Datuk Dr Ridzwan Bin Abu Bakar	
Prof. Datuk Dr. Megat Burhainuddin Bin Megat Abdul Rahman	
Prof. Dato' Dr. Mohamad Bin Abd Razak	
Malayandi @ Kalaiarasu	
Dato' Abd Rashid Bin Mohd Sharif	Appointed on 10 January 2019
Dato' (Dr) Asariah Binti Mior Shaharuddin	Appointed on 30 January 2019
Murugappan Kalaimani	Appointed on 15 May 2018
Dr. Khoo Soo Peng	Resigned on 31 March 2018
Dato' Amirnuddin Bin Mazlan	Resigned on 2 May 2018
Loh Kok Leong	Resigned on 15 May 2018
Leou Thiam Lai	Resigned on 15 May 2018
Tan Sri Prof. Dato' Dr. Marimuthu A/L Thangaveloo	Resigned on 15 May 2018
Dato' Darawati Binti Hussain	Resigned on 15 May 2018
Prof. Dato' Dr. Mahmood Bin Nazar Mohamed	Deceased on 3 January 2019

DIRECTORS' REPORT
(Continued)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	At 1.1.2018/ date of appointment	**Bought**	**Sold**	**At 31.12.2018**
The Ultimate Holding Company				
SMRT Holdings Berhad				
Direct interest				
Tan Sri Dato' Palaniappan A/L Ramanathan Chettiar	7,248,797	41,524,718	-	48,773,515
Indirect interest				
Tan Sri Dato' Palaniappan A/L Ramanathan Chettiar #	58,841,991	27,413,099	(14,835,818)	71,419,272
The Company				
Direct interest				
Tan Sri Dato' Palaniappan A/L Ramanathan Chettiar	-	2,335,000 *	(2,335,000) *	-
Indirect interest				
Tan Sri Dato' Palaniappan A/L Ramanathan Chettiar ^	706,500,212	-	-	706,500,212

\# *Deemed interested as per Section 8 and 197 of the Companies Act 2016 in Malaysia, by virtue of his shareholding in Special Flagship Holdings Sdn. Bhd., and his spouse, Puan Sri Datin Kamatchi @ Valliammai A/P Malayandi.*

* *Transferred or disposed via off market.*

^ *Deemed interested as per Section 8 of the Companies Act 2016 in Malaysia, by virtue of his shareholding in SMRT Holdings Berhad, SMR Education Sdn. Bhd. and Strategic Ambience Sdn. Bhd.*

By virtue of his interests in the ordinary shares of the ultimate holding company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar is deemed to have an interest in the ordinary shares of the Company and its subsidiaries to the extent that the ultimate holding 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 or debentures of the Company and its related corporations during the financial year.

DIRECTORS' REPORT
(Continued)

DIRECTORS' BENEFITS

Since the end of the previous financial period, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 20 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 a party to any arrangements where the object is 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.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Company were RM20,000,000 and RM22,000 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 9 to the financial statements.

INTERESTS IN HOLDING COMPANY AND OTHER RELATED CORPORATIONS

Other than as disclosed elsewhere in this report, the Company does not have any interests in shares in the holding company and its other related corporations during the financial year.

ULTIMATE HOLDING COMPANY

The directors regard SMRT Holdings Berhad, a company incorporated and domiciled in Malaysia and listed on the ACE Market of the Bursa Malaysia Securities Berhad, as the ultimate holding company effective from 14 February 2018.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 31 to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 20 to the financial statements.

INDEMNITY TO AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

DIRECTORS' REPORT
(Continued)

AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng PLT (converted from a conventional partnership, Baker Tilly Monteiro Heng on 5 March 2019), have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

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

....
GENERAL TAN SRI DATO' SERI MOHD
SHAHROM BIN DATO' HJ NORDIN (RTD.)
Director

Date: 19 April 2019

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

		Group		Company	
			Unaudited		
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
			(Note 32)		(Note 32)
ASSETS					
Non-current assets					
Property and equipment	5	122,990	93,998	-	-
Investment property	6	-	18,821	-	-
Goodwill on consolidation	7	90,685	90,685	-	-
Other intangible assets	8	50,779	51,006	-	-
Investment in subsidiaries	9	-	-	550,510	-
Deferred tax assets	10	2,636	73	-	-
		267,090	254,583	550,510	-
Current assets					
Trade and other receivables	11	37,479	47,118	1,987	-
Contract costs		2,381	-	-	-
Current tax assets		992	644	-	-
Cash and bank balances	12	3,616	3,079	2	*
		44,468	50,841	1,989	*
Non-current assets held for sale	13	13,599	-	-	-
TOTAL ASSETS		325,157	305,424	552,499	*
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	14	383,209	*	383,209	*
Capital reorganisation deficit	15	(3,453)	379,756	-	-
Accumulated losses		(148,437)	(133,923)	(4,519)	(157)
Total Equity		231,319	245,833	378,690	(157)

* Representing RM2.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018 (Continued)

		Group		Company	
			Unaudited		
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
			(Note 32)		(Note 32)
LIABILITIES					
Non-current liabilities					
Borrowings	16	27,299	2,116	-	-
Deferred tax liabilities	10	11,959	11,959	-	-
		39,258	14,075	-	-
Current liabilities					
Borrowings	16	2,160	2,362	-	-
Trade and other payables	17	37,875	32,141	173,809	157
Contract liabilities/Other current liabilities	18	14,545	11,013	-	-
		54,580	45,516	173,809	157
Total Liabilities		93,838	59,591	173,809	157
TOTAL EQUITY AND LIABILITIES		325,157	305,424	552,499	*

* Representing RM2.

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 31 DECEMBER 2018

		Group		Company	
			Unaudited		
		1.1.2018 to 31.12.2018	1.1.2017 to 31.12.2017	1.1.2018 to 31.12.2018	23.11.2016 to 31.12.2017
	Note	RM'000	RM'000	RM'000	RM'000
			(Note 32)		(Note 32)
Revenue	19	90,930	19,777	-	-
Cost of services		(68,418)	(21,106)	-	-
Gross profit/(loss)		22,512	(1,329)	-	-
Other income		12,550	5,084	-	-
Administrative expenses		(48,371)	(25,393)	(857)	(157)
Net impairment loss on receivables		(3,361)	778	(1,437)	-
Other expenses		-	(7,683)	(1,900)	-
Operating loss	20	(16,670)	(28,543)	(4,194)	(157)
Finance income		37	116	-	-
Finance costs	21	(1,837)	(429)	(168)	-
Loss before taxation		(18,470)	(28,856)	(4,362)	(157)
Taxation	22	2,527	(2)	-	-
Loss for the financial year/period, representing total comprehensive loss for the financial year/period		(15,943)	(28,858)	(4,362)	(157)
Loss attributable to:					
Owners of the Company		(15,943)	(28,858)	(4,362)	(157)
Non-controlling interests		-	-	-	-
		(15,943)	(28,858)	(4,362)	(157)
Total comprehensive loss attributable to:					
Owners of the Company		(15,943)	(28,858)	(4,362)	(157)
Non-controlling interests		-	-	-	-
		(15,943)	(28,858)	(4,362)	(157)
Basic and diluted loss per ordinary share (sen)	23	(1.29)	(6.88)		

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Attributable to owners of the Company			
		Share Capital	Capital Reorganisation Reserve/ (Deficit)	Accumulated Losses	Total
	Note	RM'000	RM'000	RM'000	RM'000
Group					
At 1 January 2017 (Unaudited)		*	213,911	(98,704)	115,207
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	(28,858)	(28,858)
Effect of resale of treasury shares by Asiamet Education Group Sdn. Bhd.		-	12,295	(6,361)	5,934
Issuance of ordinary shares by Asiamet Education Group Sdn. Bhd.		-	153,550	-	153,550
At 31 December 2017 (Unaudited)		*	379,756	(133,923)	245,833
At 1 January 2018					
- As previously stated		*	379,756	(133,923)	245,833
- Effects of adoption of new MFRSs:					
- MFRS 9	2.2	-	-	27	27
- MFRS 15	2.2	-	-	1,402	1,402
Restated balance as at 1 January 2018		*	379,756	(132,494)	247,262
Transactions with owners					
Issuance of shares pursuant to the reorganisation		383,209	(383,209)	-	-
		383,209	(383,209)	-	-
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	(15,943)	(15,943)
At 31 December 2018		383,209	(3,453)	(148,437)	231,319

* Representing RM2.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (Continued)

	Share Capital	Accumulated Losses	Total Equity
	RM'000	RM'000	RM'000
Company			
At 23 November 2016	*	-	-
Loss for the financial period, representing total comprehensive loss for the financial period	-	(157)	(157)
At 31 December 2017	*	(157)	(157)
Loss for the financial year, representing total comprehensive loss for the financial year	-	(4,362)	(4,362)
Transactions with owners			
Issuance of shares pursuant to the reorganisation	383,209	-	383,209
	383,209	-	383,209
At 31 December 2018	383,209	(4,519)	378,690

* Representing RM2.

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Group		Company	
		Unaudited		
	1.1.2018 to 31.12.2018	1.1.2017 to 31.12.2017	1.1.2018 to 31.12.2018	23.11.2016 to 31.12.2017
	RM'000	RM'000	RM'000	RM'000
		(Note 32)		(Note 32)
CASH FLOWS FROM OPERATING ACTIVITIES:				
Loss before taxation	(18,470)	(28,856)	(4,362)	(157)
Adjustments for:				
Amortisation of intangible assets	227	-	-	-
Depreciation of:				
- property and equipment	7,510	5,337	-	-
- investment property	1,012	1,828	-	-
(Reversal of)/impairment loss on:				
- property and equipment	(3,198)	189	-	-
- trade receivables	3,248	(778)	-	-
- other receivables	113	-	-	-
(Gain)/Loss on disposal of:				
- property and equipment	(143)	11	-	-
Impairment loss on investment in a subsidiary	-	-	1,900	-
Impairment loss on amount due from a subsidiary	-	-	1,437	-
Interest expense	1,837	429	168	-
Interest income	(37)	(116)	-	-
Property and equipment written off	695	-	-	-
	(7,206)	(21,956)	(857)	(157)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (Continued)

	Group		Company	
		Unaudited		
	1.1.2018 to 31.12.2018	**1.1.2017 to 31.12.2017**	**1.1.2018 to 31.12.2018**	**23.11.2016 to 31.12.2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		(Note 32)		**(Note 32)**
CASH FLOWS FROM OPERATING ACTIVITIES: (CONTINUED)				
Changes in Working Capital:				
Trade and other receivables	11,825	1,939	(7)	-
Contract costs	(2,381)	-	-	-
Trade and other payables	1,981	6,025	(19)	157
Contract liabilities/Other current liabilities	3,532	-	-	-
	7,751	(13,992)	(883)	-
Tax paid	(1,668)	(7)	-	-
Tax refunded	1,284	30	-	-
Interest paid	(1,267)	(429)	-	-
Interest received	37	116	-	-
Net Operating Cash Flows	6,137	(14,282)	(883)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Acquisition of a subsidiary, net of cash	-	519	-	-
Advances to subsidiaries	-	-	(3,417)	-
Purchase of property and equipment	(29,797)	(640)	-	-
Deposits received from sale of non-current assets held for sale	196	-	-	-
Proceeds from disposal of property and equipment	151	10,275	-	-
Advances to related companies	(4,314)	-	-	-
Net Investing Cash Flows	(33,764)	10,154	(3,417)	-

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (Continued)

	Group		Company	
		Unaudited		
	1.1.2018 to 31.12.2018	**1.1.2017 to 31.12.2017**	**1.1.2018 to 31.12.2018**	**23.11.2016 to 31.12.2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		(Note 32)		**(Note 32)**
CASH FLOWS FROM FINANCING ACTIVITIES:				
Advances from subsidiaries	-	-	2,326	-
Advances from holding company	1,707	-	1,257	-
Advances from related companies	1,598	-	719	-
(Placement)/Withdrawal of deposits pledged with licensed banks	(10)	336	-	-
Bank accounts pledged for Sukuk Wakalah	(197)	-	-	-
Repayment of term loan (Note (a))	(2,263)	(4,613)	-	-
Payment of hire purchase payables (Note (a))	(55)	-	-	-
Proceeds from the resale of treasury shares	-	5,934	-	-
Proceeds from Sukuk Wakalah	27,177	-	-	-
Net Financing Cash Flows	27,957	1,657	4,302	-
NET CHANGES IN CASH AND CASH EQUIVALENTS	330	(2,471)	2	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR/PERIOD	2,716	5,187	*	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR/PERIOD	3,046	2,716	2	*
ANALYSIS OF CASH AND CASH EQUIVALENTS:				
Deposits placed with licensed banks	373	363	-	-
Cash and bank balances	3,243	2,716	2	*
	3,616	3,079	2	*
Less: Deposits pledged with licensed banks	(373)	(363)	-	-
Less: Bank accounts pledged for Sukuk Wakalah	(197)	-	-	-
Cash and cash equivalents	3,046	2,716	2	*

* Representing RM2.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (Continued)

(a) Reconciliation of liabilities arising from financing activities:

	1 January 2018 RM'000	Cash flows RM'000	Non-cash Amortisation of transaction cost RM'000	31 December 2018 RM'000
Term loan	4,393	(2,263)	-	2,130
Finance lease liabilities	85	(55)	-	30
Sukuk Wakalah	-	27,177	122	27,299
	4,478	24,859	122	29,459

	1 January 2018 RM'000	Cash flows RM'000	Non-cash Acquisition of subsidiary cost RM'000	31 December 2018 RM'000
Term loan	9,006	(4,613)	-	4,393
Finance lease liabilities	-	-	85	85
	9,006	(4,613)	85	4,478

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The registered office of the Company is located at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur. The principal place of business of the Company is located at Level 8, Tower Block, CUCMS Campus, Persiaran Bestari, Cyber 11, 63000 Cyberjaya, Selangor Darul Ehsan.

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 9 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

SMRT Holdings Berhad, a company incorporated in Malaysia and listed on ACE Market of the Bursa Malaysia Securities Berhad, is the holding company of the Company effective from 14 February 2018.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 19 April 2019.

2. BASIS OF PREPARATION

2.1 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 2016 in Malaysia.

2.2 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int

(a) Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Int

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

New MFRSs	
MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
Amendments/Improvement to MFRSs	
MFRS 1	First-time adoption of MFRSs
MFRS 2	Share-based Payment
MFRS 4	Insurance Contracts
MFRS 128	Investments in Associates and Joint Ventures
MFRS 140	Investment Property
New IC Int	
IC Int 22	Foreign Currency Transaction and Advance Consideration

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2. BASIS OF PREPARATION (CONTINUED)

2.2 New MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int (Continued)

(a) Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Int (Continued)

The adoption of the above amendments/improvements to MFRSs and new IC Int 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, except for those as discussed below:

MFRS 9 Financial Instruments

MFRS 9 replaced the guidance of MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and liabilities, on impairment of financial assets, and on hedge accounting.

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification and measurement of financial assets which is driven by cash flow characteristics and the business model in which an asset is held.

  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 which replaced the "incurred loss" model in MFRS 139. 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. Trade receivables and contract assets that do not contain a significant financing component shall always measure the loss allowance at an amount equal lifetime expected credit losses.

- 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.

The retrospective application of MFRS 9 does not require restatement of 2017 comparative financial statements. As such, the Group and the Company have not restated the comparative information, which continues to be reported under MFRS 139. The Group and the Company recognised any difference between the carrying amount of financial instruments under MFRS 139 and the restated carrying amount under MFRS 9 in the opening balance of retained earnings (or other equity components) of the annual reporting period including the date of initial application i.e. 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2. BASIS OF PREPARATION (CONTINUED)

2.2 New MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int (Continued)

(a) Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Int (Continued)

***MFRS 9 Financial Instruments* (Continued)**

Impact of the adoption of MFRS 9

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. Other than the enhanced new disclosures relating to financial instruments, which the Group and the Company have compiled with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

(i) Classification and measurement

The following are the changes in the classification of the Group's and the Company's financial assets:

- Trade and other receivables, including refundable deposits and cash and cash equivalents previously classified as Loans and Receivables under MFRS 139 as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Accordingly, these financial assets are classified and measured as debt instruments at amortised cost beginning 1 January 2018.

In summary, upon the adoption of MFRS 9, the Group had the following reclassifications as at 1 January 2018:

	RM'000	Amortised Cost RM'000
MFRS 139 Measurement Category		
Financial Assets		
Group		
Loans and Receivables		
Trade and other receivables	43,496	43,496
Cash and bank balances	3,079	3,079
	46,575	46,575
Company		
Loans and Receivables		
Cash and bank balances	*	*
	*	*

* Representing RM2.

(ii) Impairment

In previous financial years, trade and other receivables are impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the receivables (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the receivables ("incurred loss model"). Upon adoption of MFRS 9, the Group and the Company are recording expected credit losses on all its trade and other receivables, either on a 12-month or lifetime basis. Accordingly, the Group recognised a reversal of impairment losses on its trade receivables of RM27,242 at the date of initial application arising from application of simplified approach to record the lifetime expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2. BASIS OF PREPARATION (CONTINUED)

2.2 New MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int (Continued)

(a) Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Int (Continued)

MFRS 9 Financial Instruments **(Continued)**

Impact of the adoption of MFRS 9 **(Continued)**

The effect of adopting MFRS 9 as at 1 January 2018 is as follows:

	Reference	Increase/ (Decrease) RM'000
Assets		
Trade and other receivables	(i), (ii)	27
Total assets		27
Total adjustment on equity		
Accumulated losses	(ii)	(27)

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; and
(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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2. BASIS OF PREPARATION (CONTINUED)

2.2 New MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int (Continued)

(a) Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Int (Continued)

***MFRS 15 Revenue from Contracts with Customers* (Continued)**

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

The Group has applied MFRS 15 retrospectively with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings (or other components of equity) at the date of initial application of 1 January 2018. As such, the comparative information was not restated and continues to be reported under MFRS 118 and related Interpretations. The Group has elected the practical expedient to apply the standard only to contracts that are not completed as at 1 January 2018. The Group also elected the practical expedient of not to retrospectively restate the contract for any modifications before the date of initial application, but instead, to reflect the aggregate effect of all past contract modifications when identifying the performance obligations, and determining and allocating the transaction price to the satisfied and unsatisfied performance obligations.

Impact of the adoption of MFRS 15

The adoption of MFRS 15 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. Other than the enhanced new disclosures relating to contracts with customers, which the Group has complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group, except for those as discussed below.

(i) Capitalisation of costs of obtaining contracts

The Group incurred incremental commission fees paid to intermediaries in connection with obtaining construction contracts. In the previous financial years, such incremental fees were expensed to profit or loss as and when incurred. Upon adoption of MFRS 15, the incremental costs of obtaining a contract with customer that the Group expects to be recoverable are capitalised as contract costs and amortised on a systematic basis that is consistent with the transfer of the performance obligation to the customer. The Group recognised unamortised costs of obtaining contracts of RM1,402,000 and RM2,380,964 respectively as contract costs as at 1 January 2018 and 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2. BASIS OF PREPARATION (CONTINUED)

2.2 New MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int (Continued)

(a) Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Int (Continued)

MFRS 15 Revenue from Contracts with Customers **(Continued)**

Impact of the adoption of MFRS 15 **(Continued)**

The effect of adoption of MFRS 15 as at 1 January 2018 is as follows:

	Reference	Increase/ (Decrease) RM'000
Assets		
Current asset		
Contract costs	(i)	1,402
Total current asset		1,402
Equity		
Accumulated losses	(i)	(1,402)
Total equity		(1,402)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2. BASIS OF PREPARATION (CONTINUED)

2.2 New MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int (Continued)

(a) Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Int (Continued)

MFRS 15 Revenue from Contracts with Customers **(Continued)**

Impact of the adoption of MFRS 15 **(Continued)**

The amounts by which each financial statement line item is affected as at and for the financial year ended 31 December 2018 as a result of the adoption of MFRS 15, including the reasons for the significant changes, are as follows:

Statement of financial position

	Reference	Reported Under MFRS 15	Reported Under MFRS 118	Increase/ (Decrease)
		RM'000	RM'000	RM'000
Assets				
Current asset				
Contract costs	(i)	1,402	-	1,402
Total current asset		1,402	-	1,402
Equity				
Accumulated losses	(i)	(132,521)	(133,923)	(1,402)
Total equity		(132,521)	(133,923)	(1,402)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2. BASIS OF PREPARATION (CONTINUED)

2.2 New MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int (Continued)

(a) Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Int (Continued)

***MFRS 15 Revenue from Contracts with Customers* (Continued)**

***Impact of the adoption of MFRS 15* (Continued)**

The amounts by which each financial statement line item is affected as at and for the financial year ended 31 December 2018 as a result of the adoption of MFRS 15, including the reasons for the significant changes, are as follows: (Continued)

Statement of profit or loss

	Reference	Reported Under MFRS 15 RM'000	Reported Under MFRS 118 RM'000	Increase/ (Decrease) RM'000
Administrative expenses	(i)	(48,371)	(49,350)	979
Operating loss		(16,670)	(17,649)	979
Loss before taxation		(18,470)	(19,449)	979
Loss for the financial year, representing total comprehensive loss for the financial year		(15,943)	(16,922)	979
Loss attributable to:				
Owners of the Company		(15,943)	(16,922)	979
Non-controlling interests		-	-	-
		(15,943)	(16,922)	979
Total comprehensive loss attributable to:				
Owners of the Company		(15,943)	(16,922)	979
Non-controlling interests		-	-	-
		(15,943)	(16,922)	979
Basic and diluted loss per ordinary shares (sen)		(1.29)	(1.36)	(0.07)

The adoption of MFRS 9 and MFRS 15 did not have a material impact on the Group's and the Company's other comprehensive income or the Group's and the Company's operating, investing and financing cash flows.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2. BASIS OF PREPARATION (CONTINUED)

2.2 New MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int (Continued)

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

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time adoption of MFRSs	1 January 2021#
MFRS 2	Share-based Payment	1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020*/ 1 January 2021#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021#
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 7	Financial Instruments: Disclosures	1 January 2021#
MFRS 9	Financial Instruments	1 January 2019/ 1 January 2021#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 15	Revenue from Contracts with Customers	1 January 2021#
MFRS 101	Presentation of Financial Statements	1 January 2020*/ 1 January 2021#
MFRS 107	Statement of Cash Flows	1 January 2021#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*
MFRS 112	Income Taxes	1 January 2019
MFRS 116	Property, Plant and Equipment	1 January 2021#
MFRS 119	Employee Benefits	1 January 2019/ 1 January 2021#
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2019/ Deferred/ 1 January 2021#

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2. BASIS OF PREPARATION (CONTINUED)

2.2 New MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int (Continued)

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

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

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs (Continued)		
MFRS 132	Financial instruments: Presentation	1 January 2021#
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 136	Impairment of Assets	1 January 2021#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*/ 1 January 2021#
MFRS 138	Intangible Assets	1 January 2020*/ 1 January 2021#
MFRS 140	Investment Property	1 January 2021#
New IC Int		
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IC Int		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132	Intangible Assets – Web Site Costs	1 January 2020*

* *Amendments to References to the Conceptual Framework in MFRS Standards*
\# *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendment to IC Int are summarised below.

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.

On initial adoption of MFRS 16, there may be impact on the accounting treatment for leases, which the Group as a lessee currently accounts for as operating leases. On adoption of this standard, the Group will be required to capitalise its rented premises on the statements of financial position by recognising them as “rights-of-use” assets and their corresponding lease liabilities for the present value of future lease payments.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2. BASIS OF PREPARATION (CONTINUED)

2.2 New MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int (Continued)

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

MFRS 16 Leases **(Continued)**

The Group and the Company plan to adopt this standard when it becomes effective in the financial year beginning 1 January 2019 by applying the transitional provisions and include the required additional disclosures in their financial statements of that year. The Group is likely electing the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, existing lease contracts that are still effective on 1 January 2019 will be accounted for as lease contracts under MFRS 16.

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

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 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2. BASIS OF PREPARATION (CONTINUED)

2.2 New MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int (Continued)

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

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint venture to which the equity method is not applied.

IC Int 23 Uncertainty over Income Tax Treatments

IC Int 23 clarifies that where there is uncertainty over income tax treatments, an entity shall:

(i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.

(ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

Amendments to References to the Conceptual Framework in MFRS Standards

The Malaysian Accounting Standards Board has issued a revised Conceptual Framework for Financial Reporting and amendments to fourteen Standards under the Malaysian Financial Reporting Standards Framework on 30 April 2018.

The revised Conceptual Framework comprises a comprehensive set of concepts of financial reporting. It is built on the previous version of the Conceptual Framework issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wordings to give more prominence to the importance of providing information need to assess management's stewardship of the entity's economic resources.

Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

The amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC Int 132.

The Group is currently performing an analysis to determine the financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2. BASIS OF PREPARATION (CONTINUED)

2.3 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 operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2.4 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 3.

2.5 Use of estimates and judgements

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 disclosure 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 directors 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 directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the Group's and the Company's financial statements are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Significant accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date the control commences until the date that control ceases.

The Group adopted *MFRS 10 Consolidated Financial Statements.*

- Control exists when the Group is exposed, 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.

- Potential voting rights are considered when assessing control only when such rights are substantive.

- The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(a) Basis of consolidation (Continued)

(i) Subsidiaries (Continued)

Separate financial statements

In the Company's statement of financial position, investment in subsidiaries are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.1(i).

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

(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.

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

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

The accounting policy for goodwill is set out in Note 3.1(d).

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

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.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(a) Basis of consolidation (Continued)

(iii) Reorganisation

Acquisition of entities under a reorganisation scheme does not result in any change in economic substance. Accordingly, the consolidated financial statements of the Company are a continuation of the acquired entity and is accounted for as follows:

- The results of entities are presented as if the reorganisation occurred from the beginning of the earliest period presented in the financial statements;
- the assets and liabilities of the acquired entity is recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value;
- no new goodwill is recognised as a result of the reorganisation. The only goodwill that is recognised is the existing goodwill relating to the combining entities;
- the retained earnings and other equity balances of acquired entity immediately before the business combination are those of the Group; and
- the equity structure, however, reflects the equity structure of the Company and the differences arising from the change in equity structure of the Group will be accounted for in capital reorganisation reserve or deficit.

(iv) 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.

(v) Non-controlling interests

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 profit or loss and other 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 interests to have a deficit balance.

(vi) Transaction 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.

(vii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the 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 a financial asset depending on the level of influence retained.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(b) Property and equipment and depreciation

All property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.1(i).

Costs include expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of replacing a component of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Capital work in progress are not depreciated until the assets are ready for their intended use.

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

Building	33 1/3 years
Books	5 - 10 years
Motor vehicles	5 years
Furniture and fittings	5 - 10 years
Computer, LCD and overhead projectors	2 1/2 - 5 years
Renovation and electrical installation	5 - 10 years
Office and medical equipment	5 - 10 years
Robes	5 years
Cabin	10 years

The residual values, useful lives and depreciation methods 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 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 the profit or loss in the period the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(c) Investment properties

Investment properties are leasehold land and buildings which are held either to earn rental income or capital appreciation or for both and are not substantially occupied by the Group. Such properties are measured initially at cost, including transaction costs. Subsequent to the initial recognition, investment properties are stated at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.1(i).

The estimated useful lives of investment properties are as follows:

Leasehold building	33 1/3 years
Leasehold land	76 years
Renovation and electrical installation	10 years

Investment properties are derecognised when they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposals. Any gains and losses on the retirement or disposal of investment properties are recognised in the profit or loss in the financial year in which they arise.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

(d) Goodwill and other intangible assets

(i) Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.1(i).

(ii) 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 3.1(i) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(d) Goodwill and other intangible assets (Continued)

(iii) Software

Software that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.1(i).

(iv) Acquired education licenses

Education licenses acquired in a business combination are recognised at fair value at the acquisition date. The licenses have been acquired with the option to renew at little or no cost to the Group. As a result, those licenses are assessed as having an indefinite useful life. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.1(i).

(v) Other intangible assets

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

(vi) 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 is recognised in profit or loss as incurred.

(vii) Amortisation

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

Other intangible assets 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.

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

Development costs	3 - 10 years
Intellectual rights	5 years
Software	10 years

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(e) 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 capitalises the leased asset and recognises 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 asset.

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 and equipment.

For operating leases, 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 prepaid land lease.

(ii) Lessor accounting

If an entity in the Group is a lessor in a finance lease, it derecognises 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 derecognised 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.

(f) Non-current assets or disposal groups held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when:

- the asset or disposal group is available for immediate sale in its present condition;
- the management is committed to a plan to sell the asset and the asset or disposal group is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale is expected to be completed within one year from the date of classification and actions required to complete the plan indicates that it is unlikely that significant changes to the plan will be made or that the sale will be withdrawn.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(f) Non-current assets or disposal groups held for sale (Continued)

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property measured at fair value, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. A gain for any subsequent increase in fair value less costs to sell of an asset is recognised but not in excess of the cumulative impairment loss that has been recognised.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint venture ceases once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statements of financial position.

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value with original maturities of three months or less and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of pledged deposits.

(h) 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.

<u>Accounting policies applied from 1 January 2018</u>

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

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; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured 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 the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(h) Financial instruments (Continued)

Accounting policies applied from 1 January 2018 (Continued)

(i) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(a) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- **Amortised cost**

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.1(i). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair value through other comprehensive income (FVOCI)**

  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.1(i). Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(h) Financial instruments (Continued)

Accounting policies applied from 1 January 2018 (Continued)

(i) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows: (Continued)

(a) Financial assets (Continued)

Debt instruments (Continued)

- **Fair value through profit or loss (FVPL)**

  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(b) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(h) Financial instruments (Continued)

Accounting policies applied from 1 January 2018 (Continued)

(i) Subsequent measurement (Continued)

(b) Financial liabilities (Continued)

Financial liabilities at fair value through profit or loss (Continued)

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

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

(ii) 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 recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(iii) 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 assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) 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.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(h) Financial instruments (Continued)

Accounting policies applied from 1 January 2018 (Continued)

(iv) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive cash flows from the financial asset expire, or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(v) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

Accounting policies applied until 31 December 2017

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

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 the policy applicable to the nature of the host contract.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(h) Financial instruments (Continued)

Accounting policies applied until 31 December 2017 (Continued)

(i) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(a) Financial assets

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category 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.

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 costs.

Loans and receivables

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

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.1(i). Gains and losses are recognised in profit or loss through the amortisation process.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.1(i). Gains and losses are recognised in profit or loss through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available for sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which 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. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(h) Financial instruments (Continued)

Accounting policies applied until 31 December 2017 (Continued)

(i) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows: (Continued)

(a) Financial assets (Continued)

Unquoted equity instruments carried at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.1(i).

(b) Financial liabilities

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

(ii) 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 recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(iii) Regular way purchase or sale of financial assets

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

(iv) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(v) Offsetting of financial instruments

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(i) Impairment of assets

(i) Impairment of financial assets

Accounting policies applied from 1 January 2018

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income (FVOCI), lease receivables, a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables and lease receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Group and the Company consider a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(i) Impairment of assets (Continued)

(i) Impairment of financial assets (Continued)

Accounting policies applied from 1 January 2018 (Continued)

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

Accounting policies applied until 31 December 2017

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed 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 financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables and held-to-maturity investments

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company may include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(i) Impairment of assets (Continued)

(i) Impairment of financial assets (Continued)

Accounting policies applied until 31 December 2017 (Continued)

Loans and receivables and held-to-maturity investments (Continued)

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

Available-for-sale financial assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where there is objective evidence that the asset is impaired, the decline in the fair value of an available-for-sale financial asset together with the cumulative loss recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(i) Impairment of assets (Continued)

(ii) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for deferred tax assets, investment properties measured at fair value and non-current assets or disposal groups classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal 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 risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced 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.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

(j) Share capital

(i) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(j) Share capital (Continued)

(ii) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

(k) Revenue and other income

Accounting policies applied from 1 January 2018

The Group recognises revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue recognition of the Group are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer).

The Group measures revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group uses the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group expects to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group estimates it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group assesses the type of modification and accounts for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

Financing components

The Group have applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group expects that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(k) Revenue and other income (Continued)

Accounting policies applied from 1 January 2018 (Continued)

(i) Services

Revenue of the Group represents course fees, registration fees, processing fees, administration fees and other miscellaneous charges.

Revenue from course fees will be recognised within the semester of each courses offered to the students. The revenue will then be recognised over time throughout the semester in profit or loss.

Payment terms for course fees are on cash terms (immediate payment or advance payment not exceeding 30 days).

Revenue from resource fees and registration fees are recognised over the period of the course in profit or loss.

Revenue from royalties fee is recognised on accrual basis based on substance of the agreement.

Other miscellaneous charges represent application fees, administration fees, processing fees, convocation fees, examination fees, training fees and clinical attachment fees. These fees are recognised at a point in time as services are rendered.

Advance payment received at the commencement of the semester will be recognised as contract liabilities.

(ii) Interest income

Interest income is recognised using the effective interest method.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(iv) Rental income

Rental income from investment property and student hostel are recognised on a straight-line basis over the term of the lease.

Accounting policies applied until 31 December 2017

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

(i) Services

Revenue of the Group represents course fees, registration fees, processing fees, administration fees and other miscellaneous fees.

Revenue from course fees is recognised over the period of the course in profit or loss. Registration fees, processing fees and administration fees are recognised in profit in profit or loss upon commencement of the course.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(k) Revenue and other income (Continued)

Accounting policies applied until 31 December 2017 (Continued)

(i) Services (Continued)

Other miscellaneous fees represent convocation fees and co-curriculum fees and are recognised at point in time as services are rendered.

(ii) Interest income

Interest income is recognised using the effective interest method.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(iv) Rental income

Rental income from investment property and student hostel are recognised on a straight-line basis over the term of the lease.

(l) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(m) Income tax

(i) Current and deferred tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(m) Income tax (Continued)

(i) Current and deferred tax (Continued)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax liabilities and assets, and they related to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax is recognised to the extent that it is probable that the future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised investment tax allowance, being tax incentive that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

(ii) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (“GST”) except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of GST.

The net amount of GST refundable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

The GST in Malaysia was abolished and replaced by the sales and services tax effective from 1 September 2018.

(n) Earnings per share

(i) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(o) 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 chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(p) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measure on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Post-employment benefits

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

(q) 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 absence 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 the 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 within 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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(r) Provisions

Provisions are recognised when the Group and the Company have present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

(i) Legal claims

For lawsuit provisions, a probability-weighted expected outcome is applied in the measurement, taking into account past court judgements made in similar cases and advice of legal experts.

(ii) Onerous contract

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the lower of the present value of the expected cost of terminating the contract and the present value of the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(s) 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.

(t) Contract costs

(a) Recognition and measurement

Contract costs represents costs of obtaining a contract, such as commission fee paid to agents.

The incremental costs of obtaining a contract are those costs that the Group and the Company incur to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as part of contract costs when the Group and the Company expect those costs are recoverable.

(b) Amortisation

The costs of obtaining a contract are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates, i.e. in accordance with the pattern of transfer of goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimate and Errors*.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Significant accounting policies (Continued)

(t) Contract costs (Continued)

(c) Impairment

Impairment loss are recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

(a) the remaining amount of consideration that the entity expects to receive in exchange for the goods or services to which the asset relates; less
(b) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Before an impairment loss is recognised for contract costs, the Group shall recognise any impairment loss for assets related to the contract that are recognised in accordance with another MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group shall include the resulting carrying amount of the contract costs in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136 *Impairment of Assets* to that cash-generating unit.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

(i) Impairment of goodwill and other intangible assets (Note 7 and 8)

The Group determines whether goodwill and other intangible assets are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating unit ("CGU") to which goodwill or other intangible assets are allocated. Estimating a value-in-use amount requires the 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 Investment in subsidiaries (Note 9)

The Company carried out the impairment test on its investment in subsidiaries based on 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 subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows. An impairment loss is recognised immediately in the profit or loss if the recoverable amount is less than the carrying amount.

(iii) Impairment losses for trade receivables (Note 11)

The provisions of expected credit losses for receivables are based on assumptions about risk of default and expected loss rate. The Group use judgement in making these assumptions and selecting inputs to the expected credit losses ("ECL") calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group individually assessed and also uses a provision matrix to calculate ECL for trade receivables. The individually assessed ECL may be based on indicators such as students who have quit, terminated, rejected or withdrawn from their courses. The provision rates are depending on the number of days that a receivable is past due. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following: (Continued)

(iii) Impairment losses for trade receivables (Note 11) (Continued)

The assessment of the correlation between historical observed default rates, forward-looking estimates and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of the receivables. The Group's assessment of the indicators, historical credit loss experience and forecast of economic conditions may also not be representative of student's actual default in the future.

The information about the impairment losses on the Group's and the Company's financial assets are disclosed in Note 29(a) to the financial statements.

(iv) Impairment of property and equipment (Note 5)

The Group and the Company assess impairment of assets whenever the events and 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 costs of disposal for that asset or its value-in-use. The fair value of assets are derived from valuation reports provided by an independent valuer. The value-in-use is the net present value of the projected future cash flow derived from the operating assets discounted at an appropriate discount rate. Projected future cash flows are based on the Group's estimates on assumptions which include discount rate, forecast number of students and operating expenses.

(v) Deferred tax assets (Note 10)

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unabsorbed capital allowances based on the projected future profits of the subsidiaries to the extent that is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future performance and taxable profits of the subsidiaries.

The carrying amount of the Group's recognised deferred tax assets is disclosed in Note 10.

5. PROPERTY AND EQUIPMENT

	Freehold Land	Leasehold Land	Buildings	Books	Motor Vehicles	Furniture and Fittings	Computer, LCD and Overhead Projectors	Renovation and Electrical Installation	Office and Medical Equipment	Robes	Cabin	Capital Work-in-Progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group													
2018													
Cost													
At 1 January 2018	4,724	14,791	108,789	5,779	3,511	19,107	13,101	29,689	32,141	843	19	8,111	240,605
Additions	-	-	-	4	74	953	130	27,793	771	-	-	72	29,797
Transfer to non-current assets held for sale (Note 13)	-	(3,965)	(11,342)	-	-	-	-	(4,605)	-	-	-	-	(19,912)
Transfer from investment property (Note 6)	-	4,517	17,261	-	-	-	-	14,827	-	-	-	-	36,605
Reclassification	-	-	-	-	-	-	-	8,111	-	-	-	(8,111)	-
Written off	-	-	-	-	-	-	-	(845)	-	-	(19)	-	(864)
Disposals	-	-	-	-	(636)	(305)	-	-	(1)	-	-	-	(942)
At 31 December 2018	4,724	15,343	114,708	5,783	2,949	19,755	13,231	74,970	32,911	843	-	72	285,289

5. PROPERTY AND EQUIPMENT (CONTINUED)

	Freehold Land RM'000	Leasehold Land RM'000	Buildings RM'000	Books RM'000	Motor Vehicles RM'000	Furniture and Fittings RM'000	Computer, LCD and Overhead Projectors RM'000	Renovation and Electrical Installation RM'000	Office and Medical Equipment RM'000	Robes RM'000	Cabin RM'000	Capital Work-in-Progress RM'000	Total RM'000
Group													
2018													
Accumulated Depreciation and Impairment Loss													
At 1 January 2018													
Accumulated depreciation	1,046	1,331	22,280	2,663	3,197	7,085	10,045	20,451	13,561	838	-	-	82,497
Accumulated impairment loss	-	906	24,738	2,984	-	11,581	1,232	5,100	17,569	-	-	-	64,110
Depreciation for the financial year	-	137	2,481	41	157	113	769	3,632	172	4	4	-	7,510
Reversal of impairment loss	-	(422)	(2,623)	-	-	-	-	-	(153)	-	-	-	(3,198)
Transfer to non-current assets held for sale (Note 13)	-	(507)	(3,439)	-	-	-	-	(3,987)	-	-	-	-	(7,933)
Transfer from investment property (Note 6)	-	645	5,294	-	-	-	-	14,477	-	-	-	-	20,416
Written off	-	-	-	-	-	-	-	(165)	-	-	(4)	-	(169)
Disposals													
- Depreciation	-	-	-	-	(628)	(28)	-	-	(1)	-	-	-	(657)
- Impairment loss	-	-	-	-	-	(277)	-	-	-	-	-	-	(277)
At 31 December 2018													
Accumulated depreciation	1,046	1,606	26,616	2,704	2,726	7,170	10,814	34,408	13,732	842	-	-	101,664
Accumulated impairment loss	-	484	22,115	2,984	-	11,304	1,232	5,100	17,416	-	-	-	60,635
Carrying Amount													
At 31 December 2018	3,678	13,253	65,977	95	223	1,281	1,185	35,462	1,763	1	-	72	122,990

5. PROPERTY AND EQUIPMENT (CONTINUED)

	Freehold Land	Leasehold Land	Buildings	Books	Motor Vehicles	Furniture and Fittings	Computer, LCD and Overhead Projectors	Renovation and Electrical Installation	Office and Medical Equipment	Robes	Cabin	Capital Work-in-Progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group													
2017													
Cost													
At 1 January 2017	1,115	15,882	120,231	5,668	3,634	19,085	11,371	32,554	31,454	843	-	690	242,527
Additions	-	-	-	-	70	-	-	208	18	-	-	344	640
Reclassification from deposits	3,609	-	-	-	-	-	-	-	-	-	-	-	3,609
Reclassification	-	-	-	-	-	-	235	258	541	-	-	(1,034)	-
Written off	-	-	-	-	-	-	-	-	(5)	-	-	-	(5)
Disposals	-	(1,091)	(11,442)	-	(435)	(131)	-	(3,553)	(273)	-	-	-	(16,925)
Acquisition of subsidiary	-	-	-	111	242	153	1,495	222	406	-	19	8,111	10,759
At 31 December 2017	4,724	14,791	108,789	5,779	3,511	19,107	13,101	29,689	32,141	843	19	8,111	240,605

5. PROPERTY AND EQUIPMENT (CONTINUED)

	Freehold Land	Leasehold Land	Buildings	Books	Motor Vehicles	Furniture and Fittings	Computer, LCD and Overhead Projectors	Renovation and Electrical Installation	Office and Medical Equipment	Robes	Cabin	Capital Work-in-Progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group													
2017													
Accumulated Depreciation and Impairment Loss													
At 1 January 2017													
Accumulated depreciation	-	1,258	21,435	2,660	3,499	7,158	9,899	20,801	13,744	826	-	-	81,280
Accumulated impairment loss	-	3,894	22,474	2,984	-	11,668	1,232	5,578	17,569	-	-	-	65,399
Depreciation for the financial year	-	152	2,794	3	133	40	146	2,031	26	12	-	-	5,337
Impairment loss for the financial year	-	-	3,264	-	-	-	-	-	-	-	-	-	3,264
Reversal of impairment loss for the financial year	-	(2,988)	-	-	-	(87)	-	-	-	-	-	-	(3,075)
Written off	-	-	-	-	-	-	-	-	(5)	-	-	-	(5)
Disposals													
- Depreciation	-	(79)	(1,949)	-	(435)	(113)	-	(2,381)	(204)	-	-	-	(5,161)
- Impairment loss	-	-	(1,000)	-	-	-	-	(478)	-	-	-	-	(1,478)
Reclassification from deposits	1,046	-	-	-	-	-	-	-	-	-	-	-	1,046
At 31 December 2017													
Accumulated depreciation	1,046	1,331	22,280	2,663	3,197	7,085	10,045	20,451	13,561	838	-	-	82,497
Accumulated impairment loss	-	906	24,738	2,984	-	11,581	1,232	5,100	17,569	-	-	-	64,110
Carrying Amount													
At 31 December 2017	3,678	12,554	61,771	132	314	441	1,824	4,138	1,011	5	19	8,111	93,998

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

5. PROPERTY AND EQUIPMENT (CONTINUED)

Group

(a) Impairment loss

During the financial year, the Group assessed the recoverable amount of its property and equipment with net carrying amount of RM85,101,283 (2017: RM83,238,817) in view of the recent operating losses of certain subsidiaries and vacant properties.

The recoverable amount was determined based on the higher of fair value less costs of disposal and the value-in-use. An impairment loss of RM Nil (2017: RM3,263,622) and reversal of impairment loss of RM3,197,559 (2017: RM3,074,510) was recognised in profit or loss based on comparison of fair value less costs of disposal and the net carrying amount in respect of assets with recoverable amount of RM64,974,000 (2017: RM82,320,000). The fair value amounts were derived from valuation reports provided by an independent valuer based on comparison method. The fair value is within Level 3 of the fair value hierarchy, whereby the fair value is estimated using price per square foot and the adjustments on the differences in location, size, tenure, market condition and other differences.

(b) Security

At 31 December 2018, land and buildings with a net carrying amount of RM84,021,076 (2017: RM19,162,938) were pledged to secure borrowings (Note 16).

(c) Leasehold land

Leasehold land has remaining unexpired lease period of more than 50 years.

(d) Other

The title of freehold land and certain buildings with a net carrying amount of RM21,735,036 (2017: RM22,505,508) is pending issuance by the relevant authorities.

(e) Capital work-in-progress

Capital work-in-progress was in respect of renovation cost incurred for new campus in the previous financial year.

(f) Capitalisation of borrowing costs

Included in the property and equipment are borrowing costs capitalised during the financial year amounting to RM298,231 (2017: RM Nil).

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

6. INVESTMENT PROPERTY

	Group	
	2018	2017
	RM'000	RM'000
Cost		
At 1 January	38,497	38,497
Transfer to non-current assets held for sale (Note 13)	(1,892)	-
Transfer to property and equipment (Note 5)	(36,605)	-
At 31 December	-	38,497
Accumulated Depreciation		
At 1 January	19,676	17,848
Depreciation for the financial year	1,012	1,828
Transfer to non-current assets held for sale (Note 13)	(272)	-
Transfer to property and equipment (Note 5)	(20,416)	-
At 31 December	-	19,676
Net Carrying Amount		
At 31 December	-	18,821

(a) In the previous financial year, the fair value for the investment property of approximately RM39 million was determined by the directors based on an independent valuer's valuation report. Fair value of investment property was categorised as Level 3 of fair value hierarchy, whereby the fair value was estimated based on comparison method using price per square foot and the adjustments on the differences in location, size, tenure, market condition and other differences, and cost method using construction costs per square foot.

(b) The following are recognised in profit or loss in respect of investment property:

	Group	
	2018	2017
	RM'000	RM'000
Rental income	-	1,122
Direct operating expenses		
- income generating investment property	-	180

(c) During the financial year, a property with net carrying amount of RM16,188,541 (2017: RM Nil) has been transferred from investment property to property and equipment as a subsidiary has occupied the property.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

7. GOODWILL ON CONSOLIDATION

	Group	
	2018	2017
	RM'000	RM'000
		Restated
Goodwill on consolidation	90,685	90,685

Goodwill on consolidation arose from the acquisition of CUCMS Education Sdn. Bhd. ("CESB"). CESB is identified as a single CGU.

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

- Cash flows were projected based on past experience, actual operating results and management's plans. 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 2019 to financial year 2023 are within the range of 7% to 14%. 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;
- The growth rate used in determining the terminal value is 2% which is based on the country headline inflation rate; and
- The 13% pre-tax discount rate is the weighted average cost of capital which reflects the risk relating to the education 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 value of the cash-generating unit ("CGU") to exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

8. OTHER INTANGIBLE ASSETS

	Education Licenses RM'000	Software RM'000	Development Costs RM'000	Intellectual Rights RM'000	Total RM'000
Group					
2018					
Cost					
At 1 January	-	992	182	3	1,177
Effect of completion of purchase price allocation (Note 9)	49,829	-	-	-	49,829
Restated at 1 January/At 31 December	49,829	992	182	3	51,006
Accumulated Amortisation					
At 1 January	-	-	-	-	-
Amortisation for the financial year	-	202	22	3	227
At 31 December	-	202	22	3	227
Net Carrying Amount					
At 31 December	49,829	790	160	-	50,779
2017					
Cost					
At 1 January	-	-	-	-	-
Acquisition of a subsidiary	49,829	992	182	3	51,006
At 31 December, At 1 January 2018, Restated	49,829	992	182	3	51,006
Accumulated Amortisation					
At 1 January	-	-	-	-	-
Amortisation for the financial year	-	-	-	-	-
At 31 December	-	-	-	-	-
Net Carrying Amount					
At 31 December, At 1 January 2018, Restated	49,829	992	182	3	51,006

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

8. OTHER INTANGIBLE ASSETS (CONTINUED)

(a) Amortisation

The amortisation of development costs of the Group is included in cost of sales. The amortisation of software and intellectual rights of the Group is included in administrative expenses.

(b) Impairment of education licenses

Education licenses to conduct the Bachelor of Medicine and Surgery (“MBBS”) programme in university is allocated to the education segment that generates revenue from MBBS programme. The useful life of these licenses is estimated to be indefinite.

Education licenses are assessed at each reporting date regardless of any indication of impairment by comparing the carrying amount with the recoverable amount of the CGU.

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

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, actual operating results and management’s plans. 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 2019 to financial year 2023 are within the range of 3% to 8%. 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;
- The growth rate used in determining the terminal value is 2% which is based on the country headline inflation rate; and
- The 13% pre-tax discount rate is the weighted average cost of capital which reflects the risk relating to the education 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 value of the cash-generating unit (“CGU”) to exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

9. INVESTMENT IN SUBSIDIARIES

	Company 2018 RM'000	2017 RM'000
At cost:		
Unquoted shares	552,410	-
Less: Accumulated impairment losses		
At beginning of the financial year/period	-	-
Additions	(1,900)	-
At end of the financial year/period	(1,900)	-
	550,510	-

During the financial year, the Company assessed the recoverable amount of a subsidiary in view of the recent operating losses. An impairment of RM1,900,000 (2017: RM Nil) is recognised based on the recoverable amount determined based on value-in-use of the subsidiary.

The details of the subsidiaries, which have principal place of business or incorporated in Malaysia, are as follows:

Name of Company	Ownership Interest/ Voting Rights 2018 %	2017 %	Principal Activities
Direct			
ASIAMET Education Group Sdn. Bhd. ("AEGSB")	100	-	Investment holding
Minda Global International Education Sdn. Bhd. (formerly known as Valencia Education Group Sdn. Bhd.) ("MGIESB")	100	-	Provision of education services
Minda Global Management Sdn. Bhd. (formerly known as Aspiration Achievers Network Sdn. Bhd.) ("MGMSB")	100	-	Provision of management services
ASIAMET (KB) Sdn. Bhd. ("AKBSB")	100	-	Dormant
ASIAMET (KK) Sdn. Bhd. ("AKKSB")	100	-	Provision of education services
ASIAMET (Kuching) Sdn. Bhd. ("AKSB")	100	-	Provision of education services
CUCMS Education Sdn. Bhd. ("CESB")	100	-	Provision of education services
Held through AEGB			
ASIAMET (M) Sdn. Bhd. ("AMSB")	100	-	Provision of education services

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries, which have principal place of business or incorporated in Malaysia, are as follows: (Continued)

Name of Company	Ownership Interest/ Voting Rights 2018 %	2017 %	Principal Activities
Held through CESB			
CUCMS Properties Management Sdn. Bhd. (formerly known as Fusion Bio-Life Sciences Sdn. Bhd.	100	-	Dormant
CUCMS Edutech Sdn. Bhd.	100	-	Development of software, application development and provision for technology consulting services
Minda Global Language Centre Sdn. Bhd. (formerly known as ASIAMET (Ipoh) Sdn. Bhd.)	100	-	Dormant
Held through AMSB			
Minda Global Property Management Sdn. Bhd. (formerly known as ASIAMET Resources Sdn. Bhd.)	100	-	Dormant
ASIAMET International Sdn. Bhd.	100	-	Dormant

2018

Acquisition of subsidiaries

During the financial year, the Company acquired:

(a) the entire issued and paid-up share capital in AEGSB comprising 1,239,905,780 ordinary shares for a total purchase consideration of RM383,209,120 which was satisfied via the issuance of 1,239,905,780 new ordinary shares in the Company as disclosed in Note 31 to the financial statements;

(b) the entire issued and paid-up share capital in MGIESB comprising 500,000 ordinary shares from AEGSB for a total purchase consideration of RM1 as disclosed in Note 31 to the financial statements;

(c) the entire issued and paid-up share capital in MGMSB comprising 2,000,000 ordinary shares from AEGSB for a total purchase consideration of RM1,900,000;

(d) the entire issued and paid-up share capital in AKBSB comprising 1,000,000 ordinary shares from AEGSB for a total purchase consideration of RM80,347 as disclosed in Note 31 to the financial statements;

(e) the entire issued and paid-up share capital in AKKSB comprising 1,000,000 ordinary shares from AEGSB for a total purchase consideration of RM664,223 as disclosed in Note 31 to the financial statements;

(f) the entire issued and paid-up share capital in AKSB comprising 1,000,000 ordinary shares from AEGSB for a total purchase consideration of RM556,107 as disclosed in Note 31 to the financial statements; and

(g) the entire issued and paid-up share capital in CESB comprising 20,000,000 ordinary shares from AEGSB for a total purchase consideration of RM166,000,000 as disclosed in Note 31 to the financial statements.

Consequently AEGSB, MGIESB, MGMSB, AKBSB, AKKSB, AKSB and CESB became wholly-owned subsidiaries of the Company.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

2017

On 27 December 2017, Asiamet Education Group Sdn. Bhd. ("AEGSB"), a wholly owned subsidiary of the Company, completed the acquisition of the entire equity interest in CUCMS Education Sdn. Bhd.

Effect of acquisition in statements of profit or loss and other comprehensive income

The subsidiary's revenue and profit for the financial year were not consolidated with that of the Company as the acquisition was completed on 27 December 2017.

If the acquisition had occurred on 1 January 2017, the consolidated results for the financial year ended 31 December 2017 would have been as follows:

	Group 2017 RM'000
Revenue	84,300
Loss for the financial year	(22,010)

Net cash outflows/(inflows) arising from acquisition of subsidiaries:

	Group 2017 RM'000
Fair value consideration transferred	153,550
Less: Non-cash consideration	(153,550)
Consideration paid in cash	-
Less: Cash and cash equivalents of subsidiaries acquired	(519)
Net cash inflows on acquisition	(519)

In the previous financial year, AEGSB used its best estimates as part of the purchase price allocation ("PPA") process to value the assets acquired and liabilities assumed at the acquisition date. The fair value of assets acquired and liabilities assumed have been determined on a provisional basis pending completion of PPA exercise.

During the financial year, the Group has completed the PPA exercise to determine the fair values of the net assets of CUCMS Education Sdn. Bhd. ("CESB") and its subsidiaries within the stipulated time period, which is within 12 months from the acquisition date, in accordance with MFRS 3, Business Combinations.

The goodwill comprises the value of expected synergies arising from the acquisitions, which is not separately recognised. Goodwill is allocated entirely to CESB and its subsidiaries.

The adjusted fair values of CESB and its subsidiaries has been reflected in the Group's Consolidated Statement of Financial Position as at 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Below are the effects of the final PPA adjustments as at 31 December 2017 in accordance with MFRS 3:

	As previously stated	Adjustments	As Restated
	RM'000	RM'000	RM'000
Assets			
Non-current assets			
Goodwill on consolidation	128,555	(37,870)	90,685
Other intangible assets	1,177	49,829	51,006
Liability			
Non-current liability			
Deferred tax liabilities	-	11,959	11,959

10. DEFERRED TAX ASSETS/(LIABILITIES)

The deferred tax assets recognised in the financial statements are attributable to deductible temporary differences in respect of expenses and tax credits which can be utilised to set-off against probable future taxable income based on profit projection for the next five financial years of the subsidiary.

	Group	
	2018	2017
	RM'000	RM'000
At 1 January	(11,886)	-
Recognised in profit or loss	2,563	-
Acquisition of a subsidiary	-	(11,886)
At 31 December	(9,323)	(11,886)

Deferred tax assets and deferred tax liabilities presented after appropriate offsetting as follows:

	Group	
	2018	2017
	RM'000	RM'000
Deferred tax assets	2,636	73
Deferred tax liabilities	(11,959)	(11,959)
	(9,323)	(11,886)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

	As at 1 January 2018 RM'000	Recognised in profit or loss RM'000	As at 31 December 2018 RM'000
Group			
Deferred tax assets			
Other deductible temporary differences	208	1,741	1,949
Unabsorbed capital allowances	276	40	316
Deferred income	688	(688)	-
Unutilised tax losses	-	570	570
	1,172	1,663	2,835
Deferred tax liabilities			
Property and equipment	(1,099)	900	(199)
Education licenses	(11,959)	-	(11,959)
	(13,058)	900	(12,158)
	(11,886)	2,563	(9,323)

	As at 1 January 2017 RM'000	Recognised in profit or loss RM'000	Acquisition of subsidiary RM'000	As at 31 December 2017 RM'000
Group				
Deferred tax assets				
Other deductible temporary differences	431	-	(223)	208
Unabsorbed capital allowances	72	-	204	276
Deferred income	-	-	688	688
	503	-	669	1,172
Deferred tax liabilities				
Property and equipment	(503)	-	(596)	(1,099)
Education licenses	-	-	(11,959)	(11,959)
	(503)	-	(12,555)	(13,058)
	-	-	(11,886)	(11,886)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Property and equipment	696	1,329
Other deductible temporary differences	41,672	39,477
Unabsorbed capital allowances	78,736	76,729
Unutilised investment tax allowances	90,466	90,466
Unutilised tax losses	121,790	111,133
	333,360	319,134

With effect from year of assessment 2019, unutilised tax losses in a year of assessment can only be carried forward for a maximum period of 7 consecutive years of assessment. Accumulated unutilised tax loss brought forward from year of assessment 2018 can be utilised for another 7 years of assessment and will be disregarded in year of assessment 2025.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current				
Trade				
Trade receivables	68,309	72,843	-	-
Less: Allowance for impairment losses	(52,713)	(49,492)	-	-
	15,596	23,351	-	-
Non-trade				
Amount due from subsidiaries	-	-	3,417	-
Less: Allowance for impairment losses	-	-	(1,437)	-
	-	-	1,980	-
Other receivables	11,635	7,390	7	-
Less: Allowance for impairment losses	(113)	-	-	-
	11,522	7,390	7	-
GST refundable	1,222	875	-	-
Deposits	8,473	8,153	-	-
Prepayments	405	2,774	-	-
Amount due from related companies	261	4,575	-	-
	10,361	16,377	-	-
	21,883	23,767	1,987	-
	37,479	47,118	1,987	-

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Included in trade receivable of the Group is an amount of RM137,166 (2017: RM1,317,166) which is due from a foundation in which a director of the Company is the founder and director.

(b) Included in other receivables of the Group are:

(i) amounts of RM Nil (2017: RM2,231,300) receivable for services rendered in respect of programme-related development, marketing-related programmes and students' recruitment; and

(ii) contingent consideration receivable amounting to RM8,048,444 (2017: RM1,589,821) pursuant to a profit guarantee arrangement with vendors of acquired subsidiary.

(c) Included in deposits of the Group is rental deposits amounting to RM6,740,370 (2017: RM7,046,916).

(d) The amount due from related companies is non-trade in nature, unsecured, interest free and repayable on demand in cash. Related companies refer to subsidiaries of holding company.

(e) Trade receivables

Receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment allowance of trade receivables are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
At 1 January	49,492	49,032	-	-
Effect of adoption of MFRS 9	(27)	-		-
	49,465	49,032	-	-
Charge for the financial year				
- Individually assessed	27	175	-	-
- Collectively assessed	3,221	-	-	-
Reversal of impairment losses	-	(953)	-	-
Acquisition of subsidiary	-	1,238	-	-
At 31 December	52,713	49,492	-	-

* Loss allowance disclosed in comparative period is based on incurred loss model in accordance with MFRS 139 *Financial Instruments: Recognition and Measurement*.

Trade receivables that are individually determined to be credit impaired at 31 December 2017 the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments.

The information about the credit exposures are disclosed in Note 29(a).

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

(f) Other receivables

The Group's other receivables that are impaired at the reporting date and the reconciliation of movement in the impairment allowance of other receivables are as follows:

	Group	
	2018	2017
	RM'000	RM'000
At 1 January	-	-
Charge for the financial year		
- Individually assessed	113	-
At 31 December	113	-

12. CASH AND BANK BALANCES

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed banks	373	363	-	-
Cash and bank balances	3,243	2,716	2	*
	3,616	3,079	2	*

* Representing RM2.

(a) Deposits placed with licensed banks of RM373,024 (2017: RM363,189) have been pledged to licensed banks for a bank guarantee facility and to secure credit facilities granted to a subsidiary.

(b) The deposits with licensed banks of the Group have a maturity period of 365 days (2017: 365 days) and bear interest at a rate of 3.20% (2017: 2.95%) per annum.

(c) Included in cash and bank balances of the Group amounting to RM197,474 (2017: RM Nil) are restricted fund held as security for the borrowing facilities as disclosed in Note 16. As such, these cash and bank balances are not freely available for general use.

13. NON-CURRENT ASSETS HELD FOR SALE

(a) On 11 December 2018, ASIAMET (M) Sdn. Bhd. ("AMSB"), a wholly-owned indirect subsidiary of the Company entered into Sale and Purchase Agreements ("SPA") with PSI Recycling Industries Sdn. Bhd. for the disposal of a piece of vacant land for a total cash consideration of RM2,800,000 ("Proposed Land Disposal"). The Proposed Land Disposal was completed on 5 April 2019. Accordingly, the leasehold land has been classified as non-current assets held for sale.

(b) On 31 December 2018, ASIAMET (M) Sdn. Bhd. ("AMSB"), a wholly-owned indirect subsidiary of the Company entered into eight Sale and Purchase Agreements (collectively "SPAs") with Koperasi NLFCS Berhad for the disposal of six adjoining units of four storey intermediate terraced shops/offices and two units of four storey corner terraced shops/offices for a total cash consideration of RM14,700,000 ("Proposed Building Disposal"). The Proposed Building Disposal was completed on 29 March 2019. Accordingly, the leasehold premises have been classified as non-current assets held for sale.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. NON-CURRENT ASSETS HELD FOR SALE (CONTINUED)

Non-current assets held for sale relate to properties which had been pledged to licensed banks to secure credit facilities granted to the Group as disclosed in Note 16 to the financial statements.

	Group	
	2018	2017
	RM'000	RM'000
Cost		
At 1 January	-	-
Transfer from property and equipment (Note 5)	19,912	-
Transfer from investment property (Note 6)	1,892	-
At 31 December	21,804	-
Accumulated Depreciation		
At 1 January	-	-
Transfer from property and equipment (Note 5)	(7,933)	-
Transfer from investment property (Note 6)	(272)	-
At 31 December	(8,205)	-
Net Carrying Amount		
At 31 December	13,599	-

14. SHARE CAPITAL

	Group and Company			
	2018		2017	
	Number of Shares '000	RM'000	Number of Shares '000	RM'000
Issued and fully paid:				
At 1 January 2018/23 November 2016 (date of incorporation)	@	*	^	*
Subdivision of ordinary shares	-	-	#	-
Issued during the financial year	1,239,906	383,209	-	-
At 31 December	1,239,906	383,209	@	*

* Representing RM2.
^ Representing 2 ordinary shares.
# Representing 8 ordinary shares.
@ Representing 10 ordinary shares.

On 16 December 2016, 2 units of issued and paid ordinary shares of the Company has been subdivided into 10 units of issued and paid ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

14. SHARE CAPITAL (CONTINUED)

Effective from 31 January 2017, the new Companies Act 2016 abolished the concept of authorised share capital and par value of share capital.

On 14 February 2018, the Company acquired the entire issued and paid-up share capital of ASIAMET Education Group Sdn. Bhd. ("AEGSB"), comprising 1,239,905,780 ordinary shares in AEGSB for a total purchase consideration of RM383,209,120 which was satisfied via the issuance of 1,239,905,780 new ordinary shares in the Company at the average issue price of RM0.31 per share. As this reorganisation involving only the exchange of shares, the value of the equity of AEGSB is used to measure the consideration transferred and there is no goodwill recognised.

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

The new Companies Act 2016 which came into effect on 31 January 2017 abolished the concept of authorised share capital and par value of share capital.

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 and rank equally with regard to the Company's residual assets.

15. CAPITAL REORGANISATION DEFICIT/(RESERVE)

	Group	
	2018	**2017**
	RM'000	**RM'000**
At 1 January	379,756	213,911
Issuance of ordinary shares by AEGSB	-	153,550
Effect of resale of treasury shares by AEGSB	-	12,295
Purchase consideration to acquire AEGSB	(383,209)	-
At 31 December	(3,453)	379,756

The Company has accounted for the acquisition of AEGSB as a continuation of the acquired entity. As such, the share capital of AEGSB is reflected as the capital reorganisation reserve/(deficit) as at 1 January 2017 and 31 December 2017.

As detailed in Note 31, the Company completed its Proposed Share Exchange on 14 February 2018. Capital reorganisation deficit represents the difference between the purchase consideration to acquire ASIAMET Education Group Sdn. Bhd. ("AEGSB") and the share capital of AEGSB, as at 14 February 2018.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

16. BORROWINGS

	Group	
	2018	2017
	RM'000	RM'000
Non-current		
Term loan (Islamic) (secured)	-	2,087
Sukuk Wakalah (secured)	27,299	-
Hire purchase payables	-	29
	27,299	2,116
Current		
Term loan (Islamic) (secured)	2,130	2,306
Hire purchase payables	30	56
	2,160	2,362
	29,459	4,478

(a) Term loan (Islamic)

(i) The secured term loan consists of Bai' Bithaman Ajil Islamic financing facility bearing a yield payable of 5.45% (2017: 5.20%) per annum.

(ii) The term loan is secured by legal charge over the land and buildings as disclosed in Note 5 to the financial statements.

(b) Sukuk Wakalah

CUCMS Education Sdn. Bhd. ("CESB"), a wholly-owned subsidiary of the Company on 20 April 2018 has established an Islamic Medium Term Note Programme ("IMTN Programme) under the Sukuk Wakalah of RM150,000,000 for which Asiamet (M) Sdn. Bhd., a wholly-owned indirect subsidiary of the Company has undertaken to provide a third party first legal charge in favour of Amanahraya Trustees Berhad (the Security Trustee) over certain properties of the Group as disclosed in Note 5 and 13. Certain bank accounts of AMSB and CESB also have been charged and assigned for the Sukuk Wakalah facility as disclosed in Note 12. Asiamet Education Group Sdn. Bhd. ("AEGSB"), a wholly-owned subsidiary of the Company has undertaken to channel any profit guarantee shortfall received pursuant to the Share Sale Agreement entered into on 5 December 2016 between SMRT Holdings Berhad, SMR Education Sdn. Bhd. and AEGSB to CESB in the event if there is a shortfall in the minimum required balance under the IMTN. The Company also entered into Kafalah Guarantee Agreement as guarantor for the IMTN Programme.

The Sukuk Wakalah bears a yield payable of 8.80% (2017: Nil) per annum.

The maturity profile of borrowings (excluding hire purchase payables) is as follows:

	Group	
	2018	2017
	RM'000	RM'000
Repayable within 1 year	2,130	2,306
Repayable after 2 years but not later than 3 years	4,817	2,087
Repayable after 3 years but not later than 4 years	22,482	-
	29,429	4,393

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

16. BORROWINGS (CONTINUED)

(c) Hire purchase payables

	Group	
	2018	2017
	RM'000	RM'000
Future minimum hire purchase payments:		
- not later than one year	35	53
- later than one year but not later than five years	-	35
	35	88
Less: Future interest charges	(5)	(3)
Present value of hire purchase payables	30	85
Represented by:		
Current	30	56
Non-current	-	29
	30	85

Hire purchase payables bear interest at a rate of 2.51% (2017: 2.51% to 2.75%).

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Trade				
Trade payables	1,499	803	-	-
Non-trade				
Other payables	19,210	19,322	22	135
GST payables	-	148	-	-
Accruals	8,909	7,640	112	18
Dividend payable to former shareholders of subsidiary	-	1,000	-	-
Deposits received	3,825	2,101	-	-
Amounts due to subsidiaries	-	-	171,527	-
Amounts due to holding company	1,707	-	1,261	4
Amounts due to related companies	2,725	1,127	887	-
	36,376	31,338	173,809	157
	37,875	32,141	173,809	157

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

17. TRADE AND OTHER PAYABLES (CONTINUED)

(a) Included in other payables of the Group are:

(i) an amount of RM4,984,719 (2017: RM6,101,361) due to contractor for the renovation of new campus;

(ii) an amount of RM5,854,541 (2017: RM2,970,273) in respect of rental of premises; and

(iii) an amount due to a corporate shareholder of RM Nil (2017: RM662,500) in respect of management fees which is unsecured, interest free and repayable on demand in cash.

(b) Included in other payables of the Group and of Company are amounts of RM Nil (2017: RM7,000) in respect of fees payable to certain directors.

(c) Amount due to subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand in cash which includes an amount of RM169,200,678 (2017: RM Nil) arising from acquisition of certain subsidiaries as disclosed in Note 9 from AEGSB as part of internal reorganisation for which settlement is neither planned nor likely to occur in the foreseeable future.

(d) Amount due to holding company is non-trade in nature, unsecured, interest free and repayable on demand in cash.

(e) Amount due to related companies

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
Interest bearing	(i)	887	-	887	-
Non-interest bearing	(ii)	1,838	1,127	-	-
		2,725	1,127	887	-

Related companies refer to subsidiaries of holding company.

(i) This amount is non-trade in nature, unsecured, bears interest at rate of 6.50% (2017: Nil) per annum and repayable on demand in cash.

(ii) These amounts are non-trade in nature, unsecured, interest free and repayable on demand in cash.

18. CONTRACT LIABILITIES/OTHER CURRENT LIABILITIES

	Group	
	2018	2017
	RM'000	RM'000
Deferred income	5,818	5,793
Advances received from students	8,727	5,220
	14,545	11,013

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

18. CONTRACT LIABILITIES/OTHER CURRENT LIABILITIES (CONTINUED)

Significant changes in contract balances:

	Group 2018 RM'000
Contract Liabilities	
Revenue recognised that was included in contract liabilities at the beginning of the financial year	(11,013)
Increases due to billings/cash received, but revenue not recognised	14,545

19. REVENUE

	Group	
	1.1.2018 to 31.12.2018 RM'000	1.1.2017 to 31.12.2017 RM'000
Revenue from contract with customers:		
Course fees	77,192	16,289
Registration fees	1,564	207
Royalties fees	1,253	-
Resource fees	787	149
Other miscellaneous charges	5,131	1,641
	85,927	18,286
Revenue from other sources:		
Hostel rental	5,003	1,491
	90,930	19,777
Timing of revenue recognition:		
At a point in time	5,131	-
Over time	80,796	-
	85,927	-

(a) Disaggregation of revenue

The Group reports the following major segments: in accordance with MFRS 8 Operating Segments: university/ university college, colleges and international school. For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into geographical markets and timing of revenue recognition (i.e. services transferred at a point in time or services transferred over time).

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

19. REVENUE (CONTINUED)

(a) Disaggregation of revenue (Continued)

	University/ University College RM'000	Colleges RM'000	International School RM'000	Total RM'000
Group				
Primary geographical markets:				
2018				
Cheras	6,073	-	-	6,073
Cyberjaya	63,809	-	-	63,809
Johor Bahru	6,052	-	-	6,052
Kuching	-	3,423	-	3,423
Kota Kinabalu	-	4,628	-	4,628
Ipoh	-	-	1,942	1,942
	75,934	8,051	1,942	85,927
Timing of revenue recognition:				
At a point in time	4,082	866	183	5,131
Over time	71,852	7,185	1,759	80,796
	75,934	8,051	1,942	85,927

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

20. OPERATING LOSS

Operating loss for the financial year has been arrived at:

	Group		Company	
	1.1.2018 to 31.12.2018	1.1.2017 to 31.12.2017	1.1.2018 to 31.12.2018	23.11.2016 to 31.12.2017
	RM'000	RM'000	RM'000	RM'000
After charging:				
Amortisation of intangible assets	227	-	-	-
Amortisation of contract costs	945	-	-	-
Auditors' remuneration				
- statutory audit				
- current year	364	199	70	16
- prior year	16	5	-	-
- other services	6	110	6	6
Property and equipment written off	695	-	-	-
Depreciation of:				
- property and equipment	7,510	5,337	-	-
- investment property	1,012	1,828	-	-
Executive directors				
- fees	12	-	12	-
- salaries, allowances and others	1,616	-	1	-
- contributions to Employees Provident Fund	197	-	-	-
Non-executive directors				
- fees	272	327	272	-
- allowances	31	129	31	-
Impairment loss on:				
- property and equipment	-	3,264	-	-
- trade receivables	3,248	175	-	-
- other receivables	113	-	-	-
- investment in a subsidiary	-	-	1,900	-
- amount due from a subsidiary	-	-	1,437	-
Loss on disposal of:				
- property and equipment	-	11	-	-
Personnel expenses (including other key management personnel):				
- wages, salaries and others	58,307	13,852	-	-
- contributions to Employees Provident Fund	5,026	1,227	-	-
Management fee	-	750	-	-
Rental of premises	17,205	2,651	-	-

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

20. OPERATING LOSS (CONTINUED)

Operating loss for the financial year has been arrived at: (Continued)

	Group		Company	
	1.1.2018 to 31.12.2018	1.1.2017 to 31.12.2017	1.1.2018 to 31.12.2018	23.11.2016 to 31.12.2017
	RM'000	RM'000	RM'000	RM'000
And crediting:				
Interest income	37	116	-	-
Gain on disposal of:				
- property and equipment	143	-	-	-
Reversal of impairment loss:				
- property and equipment	3,198	3,075	-	-
- trade receivables	-	953	-	-
Rental income on property	916	1,288	-	-

21. FINANCE COSTS

	Group		Company	
	1.1.2018 to 31.12.2018	1.1.2017 to 31.12.2017	1.1.2018 to 31.12.2018	23.11.2016 to 31.12.2017
	RM'000	RM'000	RM'000	RM'000
Interest expense:				
- related company	168	-	168	
- term loan	156	429	-	-
- Sukuk Wakalah	1,499	-	-	-
- hire purchase payables	14	-	-	-
	1,837	429	168	-

22. TAXATION

	Group		Company	
	1.1.2018 to 31.12.2018	1.1.2017 to 31.12.2017	1.1.2018 to 31.12.2018	23.11.2016 to 31.12.2017
	RM'000	RM'000	RM'000	RM'000
Income tax				
- current year	-	2	-	-
- prior year	35	-	-	-
	35	2	-	-
Deferred tax				
- current year	(1,383)	-	-	-
- prior year	(1,179)	-	-	-
	(2,562)	-	-	-
	(2,527)	2	-	-

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

22. TAXATION (CONTINUED)

Income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable loss for the financial year/period.

The reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company is as follows:

	Group		Company	
	1.1.2018 to 31.12.2018	1.1.2017 to 31.12.2017	1.1.2018 to 31.12.2018	23.11.2016 to 31.12.2017
	RM'000	RM'000	RM'000	RM'000
Loss before taxation	(18,470)	(28,856)	(4,362)	(157)
Taxation at the applicable tax rate of 24% (2017: 24%)	(4,433)	(6,925)	(1,047)	(38)
Tax effects arising from:				
- non-deductible expenses	2,944	2,208	1,047	38
- non-taxable income	(2,786)	(15)	-	-
- under accrual in prior year	35	-	-	-
- tax exempt income	(522)	-	-	-
- utilisation of unrecognised tax losses and capital allowances	(197)	-	-	-
- over accrual of deferred tax liabilities in prior year	(1,179)	-	-	-
- deferred tax assets not recognised	3,611	4,734	-	-
Tax (credit)/expense	(2,527)	2	-	-

During the financial year, CUCMS Edutech Sdn. Bhd. ("Edutech"), an indirect wholly-owned subsidiary of the Company was granted the MSC Malaysia Status which entitled Edutech to the tax incentive under the pioneer status (100% tax exemption on taxable statutory income for a period up to 10 years and renewable after the expiry of the first five years, subject to compliance with terms and conditions, and relevant laws) effective from 8 December 2016 to 7 December 2021 pursuant to the Promotion of Investments Act 1986.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

23. LOSS PER ORDINARY SHARE

The calculation of basic loss per ordinary share for the financial year ended 31 December 2018 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2018	2017
	RM'000	RM'000
Group		
Loss for the year attributable to owners of the Company	(15,943)	(28,858)
Weighted average number of ordinary shares ('000)	1,239,906	419,560

	Group	
	2018	2017
	Sen	Sen
Basic loss per ordinary share	(1.29)	(6.88)

The diluted loss per share is equal to the basic loss per share for the financial year 2018 and financial year 2017 as there are no dilutive potential ordinary shares in issue.

24. CORPORATE GUARANTEE

	Group	
	2018	2017
	RM'000	RM'000
Corporate guarantee for credit facility granted to a subsidiary		
- CUCMS Education Sdn. Bhd.	28,000	-

25. COMMITMENTS

	Group	
	2018	2017
	RM'000	RM'000
Capital commitments:		
Property and equipment contracted but not provided for	3,143	26,159
Non-cancellable operating lease commitments:		
Future minimum rental payable		
- Not later than 1 year	18,626	13,863
- More than 1 year and not later than 5 years	62,589	38,506
- More than 5 years	176,456	108,470
	257,671	160,839

The above operating lease is in respect of lease of properties for the Group's campuses and hostels for periods of 2 years to 25 years and the lease is renewable upon expiry. The leases do not have any contingent rentals.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

26. RELATED PARTY DISCLOSURES

(a) Identification of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:
(i) Company's holding company;
(ii) Entities having significant influence over the Group;
(iii) Subsidiaries;
(iv) Subsidiaries of corporate shareholder/holding company;
(v) Entities in which directors have substantial financial interests; and
(vi) 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).

	Group		**Company**	
	1.1.2018 to 31.12.2018	**1.1.2017 to 31.12.2017**	**1.1.2018 to 31.12.2018**	**23.11.2016 to 31.12.2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Transactions with:				
Holding company				
Contingent consideration receivable	2,415	-	-	-
Related parties				
Contingent consideration receivable	5,364	-	-	-
Interest expenses paid/payable	168	-	168	-
Rental of premises paid/payable	2,625	-	-	-
Management fee paid/payable	-	750	-	-

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Note 11 and 17 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

26. RELATED PARTY DISCLOSURES (CONTINUED)

(c) Key Management Personnel Compensation

The details of directors' remuneration during the financial year are as follows:

	Group		Company	
	1.1.2018 to 31.12.2018	1.1.2017 to 31.12.2017	1.1.2018 to 31.12.2018	23.11.2016 to 31.12.2017
	RM'000	RM'000	RM'000	RM'000
Directors				
- fees	284	327	284	-
- contribution to Employees' Provident Fund	197	-	-	-
- salaries, allowances and others	1,647	129	32	-
	2,128	456	316	-
Other Key Management Personnel				
- salaries, allowances and others	1,227	626	-	-
- contribution to Employees' Provident Fund	136	-	-	-
	1,363	626	-	-

27. OPERATING SEGMENTS

The Group has four reportable segments, as described below, which are the Group's strategic business units.

For each of the strategic business unit the Group Chief Executive Officer (the chief operating decision maker) reviews internal management reports on a regular basis. Information regarding the results of each reportable segment is included below. The internal management reports reviewed by the Group Chief Executive Officer, are prepared based on profit or loss of type of institutions and not based on services.

Operating results of the reportable segments are independently evaluated for performance measurement and resource allocation decisions. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss as included in the internal management reports reviewed by the Group Chief Executive Officer.

Segment revenue and expenses are the operating revenue and expenses reported in the Group's consolidated statement of profit or loss and other comprehensive income that are directly attributable to a reportable segment and the relevant portion of such revenue and expenses that can be allocated on a reasonable basis to the reportable segment. The internal management reports reviewed by the Group Chief Executive Officer do not include segment assets and liabilities.

The Group has restated the comparative figures of segment information for 2017 following a change in the composition of its reportable segments during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

27. OPERATING SEGMENTS (CONTINUED)

	University/ University College RM'000	Colleges RM'000	International School RM'000	Corporate/ Others RM'000	Elimination of Inter Segment Transactions RM'000	Total RM'000
Group						
2018						
Segment (loss)/profit	(21,334)	860	20	4,511	-	(15,943)
Included in the measure of segment (loss)/profit are:						
Revenue:						
Revenue from external customers	79,701	9,287	1,942	-	-	90,930
Inter-segment revenue *	-	-	-	2,448	(2,448)	-
	79,701	9,287	1,942	2,448	(2,448)	90,930
Reversal/(Impairment loss) of:						
- property and equipment	3,198	-	-	-	-	3,198
- trade receivables	(2,889)	(332)	(27)	-	-	(3,248)
- other receivables	(113)	-	-	-	-	(113)
Interest expense	(1,669)	-	-	(168)	-	(1,837)
Interest income	37	-	-	-	-	37
Amortisation of intangible assets	205	-	-	22	-	227
Depreciation of:						
- property and equipment	(7,420)	(49)	(41)	-	-	(7,510)
- investment property	(1,012)	-	-	-	-	(1,012)
Property and equipment written off	(584)	-	(111)	-	-	(695)

* Inter-segment revenues are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

27. OPERATING SEGMENTS (CONTINUED)

	University/ University College RM'000	Colleges RM'000	International School RM'000	Corporate/ Others RM'000	Elimination of Inter Segment Transactions RM'000	Total RM'000
Group						
2017						
Segment (loss)/profit	(24,842)	(691)	79	(3,514)	110	(28,858)
Included in the measure of segment (loss)/profit are:						
Revenue from external customers	10,886	7,247	1,644	-	-	19,777
Reversal/(Impairment loss) of:						
- property and equipment	(189)	-	-	-	-	(189)
- trade receivables	667	111	-	-	-	778
Interest expense	(429)	-	-	-	-	(429)
Interest income	45	-	10	61	-	116
Depreciation of:						
- property and equipment	(5,254)	(43)	(40)	-	-	(5,337)
- investment property	(1,828)	-	-	-	-	(1,828)

28. FINANCIAL INSTRUMENTS

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

From 1 January 2018:
(i) Amortised cost

On or before 31 December 2017:
(i) Loan and receivables (“L&R”)
(ii) Other financial liabilities (“FL”)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

28. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of Financial Instruments

The table below provides an analysis of financial instruments categorised as follows:

	Amortised Cost RM'000	Total RM'000
Group		
2018		
Financial assets		
Trade and other receivables @	35,852	35,852
Cash and cash equivalents	3,616	3,616
	39,468	39,468
Financial liabilities		
Trade and other payables	37,875	37,875
Borrowings	29,459	29,459
	67,334	67,334

	Loans and Receivables RM'000	Financial Liabilities at Amortised Cost RM'000	Total RM'000
2017			
Financial assets			
Trade and other receivables @	43,469	-	43,469
Cash and cash equivalents	3,079	-	3,079
	46,548	-	46,548
Financial liabilities			
Trade and other payables #	-	31,993	31,993
Borrowings	-	4,478	4,478
	-	36,471	36,471

@ *Exclude prepayment and GST refundable*
\# *Exclude GST payable*

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

28. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of Financial Instruments (Continued)

	Amortised Cost RM'000	Total RM'000
Company		
2018		
Financial assets		
Trade and other receivables	1,987	1,987
Cash and bank balances	2	2
	1,989	1,989
Financial liabilities		
Trade and other payables	4,608	4,608
	4,608	4,608

	Loans and Receivables RM'000	Liabilities at Amortised Cost RM'000	Total RM'000
2017			
Financial assets			
Cash and bank balances	*	-	*
Financial liabilities			
Trade and other payables	-	157	157

** Representing RM2.*

(b) Fair values

(i) Determination of Fair Value

The carrying amounts of cash and bank balances, trade and other receivables, trade and other payables and short-term borrowings, are reasonable approximation of fair value due to the relatively short-term nature of these financial instruments.

In respect of the long-term borrowings with variable interest rates, the carrying amounts approximate fair values as they are repriced to market interest rates for liabilities with similar risk profiles.

The fair value of Sukuk Wakalah is determined using the discounted cash flows method based on discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

28. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair values (Continued)

(ii) Fair Value Hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
2018						
Financial liabilities						
Term loan (Islamic)	-	-	2,130	2,130	2,130	2,130
Sukuk Wakalah	-	-	27,299	27,299	27,299	27,299
Hire purchase payables	-	-	30	30	30	30
	-	-	29,459	29,459	29,459	29,459
2017						
Financial liabilities						
Term loan (Islamic)	-	-	4,393	4,393	4,393	4,393
Hire purchase payables	-	-	85	85	85	85
	-	-	4,478	4,478	4,478	4,478

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management objective seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its financial risks. The Board reviews and adopts policies for managing the financial risks and the Group's policy is not to engage in speculative transactions. Financial risk management is carried out through risk review management programmes, internal control system, insurance programmes and adherence to the Group's financial risk management policies.

The main areas of financial risks faced by the Group are as follows:

(a) Credit Risk

Credit risk is the risk of a financial loss to the Group if an educational sponsor, student or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from students under Perbadanan Tabung Pendidikan Tinggi Nasional ("PTPTN"), Majlis Amanah Rakyat ("MARA"), other educational sponsors and self-sponsored students.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The main areas of financial risks faced by the Group are as follows: (Continued)

(a) Credit Risk (Continued)

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Evaluations of students are performed by PTPTN or other educational sponsors before courses are offered to the students.

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position. The carrying amount of trade receivables are not secured by any collateral or support by any other credit enhancements. Any receivables due from students who have quit, terminated, rejected and withdrawn from their courses are deemed to have higher credit risk and are monitored individually.

Credit risk concentration profile

The Group determines the credit risk concentration of its trade receivables by institutional type on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

Trade receivables

	2018		2017	
	RM	%	RM	%
Group				
University/University college	14,481	93%	22,031	94%
Colleges	1,070	7%	661	3%
International school	45	0%	411	2%
Others	-	0%	248	1%
	15,596	100%	23,351	100%

The Group applies the simplified approach to providing for expected credit losses prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on days past due. The expected credit losses also incorporate forward looking information.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The main areas of financial risks faced by the Group are as follows: (Continued)

(a) Credit Risk (Continued)

Trade receivables (Continued)

The information about the credit risk exposure on the Group's trade receivables using provision matrix are as follows:

	ECL Rate %	Gross Carrying Amount RM'000	ECL Allowance RM'000	Net Balance RM'000
Group				
2018				
1 to 30 days past due	2%	877	(14)	863
> 30 days past due	4%	610	(23)	587
> 60 days past due	6%	3,090	(192)	2,898
> 90 days past due	6% to 8%	2,318	(141)	2,177
> 120 days past due	6% to 14%	5,500	(459)	5,041
> 180 days past due	8% to 100%	10,699	(6,669)	4,030
Credit impaired:				
- individually impaired	100%	45,215	(45,215)	-
		68,309	(52,713)	15,596

The significant changes in the gross amount of trade receivables do not contribute to the changes in impairment loss during the financial year.

Comparative information under MFRS 139 *Financial Instruments: Recognition and Measurement*

As at 31 December 2017, the ageing analysis of the Group's trade receivables were as follows:

	Group 2017 RM'000
Neither past due nor impaired	942
Past due but not impaired:	
1 to 30 days	3,609
31 to 60 days	884
61 to 90 days	621
More than 90 days	17,295
	22,409
	23,351
Impaired	49,492
	72,843

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The main areas of financial risks faced by the Group are as follows: (Continued)

(a) Credit Risk (Continued)

Trade receivables (Continued)

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are credit worthy debtors with good payment records with the Group.

Trade receivables that are past due but not impaired

Trade receivables that are past due but not impaired mainly relates to students who are still attending courses with the Group 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 impairment is necessary.

Other receivables and other financial assets

For other receivables and other financial assets (fixed deposits placed with licensed banks, cash and bank balances and related company balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

The Company provides advances to subsidiary companies. The Company monitors the results of the subsidiary companies in determining the recoverability of intercompany balances. The advances to subsidiary companies are repayable on demand. For such advances, expected credit losses are assessed based on the assumption that repayment of the advances is demanded at the reporting date. If the subsidiary companies do not have sufficient liquid reserves when the loan is demanded, the Company will consider the expected manner of recovery and recovery period of the advances.

Refer to Note 3.1(i) for the Group's and the Company's other accounting policies for impairment of financial assets.

Other than the credit-impaired other receivables, the Group and the Company consider the other financial assets as at 31 December 2018 to have low credit risk and the expected credit loss is negligible. The reconciliation of loss allowance for other receivables as at 31 December 2018 is disclosed in Note 11 to the financial statements.

Financial guarantees contracts

The Company is exposed to credit risk in relation to financial guarantees given to financiers in respect of loans granted to a subsidiary. The Company monitors the results of the subsidiary and their repayment on an ongoing basis. The maximum exposure to credit risk amounting to RM28,000,000 (2017: RM Nil) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 24 to the financial statements. Generally, the Company considers the financial guarantee has low credit risk. As at the reporting date, there was no loss allowance for expected credit losses as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to the subsidiary's secured borrowing.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The main areas of financial risks faced by the Group are as follows: (Continued)

(b) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group and the Company maintain a level of cash and bank balances and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

Maturity analysis

The maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows at the reporting date are as follows:

	Carrying Amount	Contractual Cash Flow	On Demand or Within 1 Year	1 to 5 Years
	RM'000	RM'000	RM'000	RM'000
Group				
2018				
Financial liabilities				
Term loan (Islamic)	2,130	2,177	2,177	-
Sukuk Wakalah	27,299	35,607	2,281	33,326
Hire purchase payables	30	35	35	-
Trade and other payables	37,875	37,875	37,875	-
	67,334	75,694	42,368	33,326
2017				
Financial liabilities				
Term loan (Islamic)	4,393	4,549	2,419	2,130
Hire purchase payables	85	88	53	35
Trade and other payables	31,993	31,993	31,993	-
	36,471	36,630	34,465	2,165

The Company's financial liabilities including financial guarantee liability of RM28,000,000 at the reporting date either mature within one year or are repayable on demand.

(c) Interest Rate Risk

The Group's and the Company's exposure to changes in interest rate relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The main areas of financial risks faced by the Group are as follows: (Continued)

(c) Interest Rate Risk (Continued)

The following tables set out the carrying amounts, the contractual interest rates as at the reporting date and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk:

	Contractual Interest Rate	Within 1 year	2 to 5 years	Total
		RM'000	RM'000	RM'000
Group				
2018				
Fixed rate				
Financial asset				
Deposits placed with licensed bank	3.20%	373	-	373
Financial liability				
Sukuk Wakalah	8.80%	-	27,299	27,299
Floating rate				
Financial liabilities				
Term loan (Islamic)	5.45%	2,130	-	2,130
Finance lease liabilities	2.51%	30	-	30
2017				
Fixed rate				
Financial asset				
Deposits placed with licensed bank	2.95%	363	-	363
Floating rate				
Financial liabilities				
Term loan (Islamic)	5.20%	2,306	2,087	4,393
Hire purchase payables	2.51% - 2.75%	56	29	85

Sensitivity analysis for interest rate risk

A change of 1% in interest rates at the end of the reporting period would have (decreased)/increased profit or loss net of tax by the amounts shown below. This analysis assumes that all other variables remained constant.

	← 1% Increase →		← 1% Decrease →	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Floating rate instruments	(16)	(34)	16	34

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

30. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group'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 directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements, if any. There were no changes in the Group's approach to capital management during the financial year.

The Group and the Company do not have any externally imposed capital requirement other than a certain debt to equity ratio of a subsidiary in respect of Sukuk Wakalah facility.

The debt-to-equity ratios as at 31 December 2018 and as at 31 December 2017 were as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Total borrowings (Note 16)	29,459	4,478	-	-
Less: Cash and bank balances (Note 12)	(3,616)	(3,079)	(2)	*
Net debt	25,843	1,399	(2)	-
Total equity attibutable to the owners of the Company	231,319	245,833	378,690	(157)
Capital and net debts	257,162	247,232	378,688	(157)
Gearing ratio	0.11	0.01	#	#

* Representing RM2.
# Not meaningful.

31. SIGNIFICANT EVENTS

On 5 December 2016, Asiamet Education Group Sdn. Bhd. ("AEGSB"), a wholly-owned subsidiary of the Company entered into a conditional share sale agreement with SMRT Holdings Berhad ("SMRT") and SMR Education Sdn. Bhd. ("SESB") for the proposed acquisition of 20,000,000 ordinary shares of RM1.00 each in CUCMS Education Sdn. Bhd. ("CESB") from SMRT and SESB for an aggregate purchase consideration of RM166 million ("Proposed Acquisition"). The purchase consideration will be satisfied by the issuance of 830,000,000 new ordinary shares of RM0.20 each in AEGSB at an issue price of RM0.20 per share.

After the completion of the Proposed Acquisition, AEGSB will re-brand and re-position itself via the following:

(i) A share exchange of the enlarged number of issued shares of AEGSB for new ordinary shares in the Company on the basis of one share of the Company for every one share of AEGSB held ("Proposed Share Exchange").

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

31. SIGNIFICANT EVENTS (CONTINUED)

After the completion of the Proposed Acquisition, AEGSB will re-brand and re-position itself via the following: (Continued)

(ii) An internal reorganisation ("Internal Reorganisation") which entails the disposal of:

(a) CESB
(b) Minda Global International Education Sdn. Bhd. (formerly known as Valencia Education Group Sdn. Bhd.) ("MGIESB")
(c) Asiamet (KB) Sdn. Bhd. ("AKBSB")
(d) Asiamet (KK) Sdn. Bhd. ("AKKSB")
(e) Asiamet (Kuching) Sdn. Bhd. ("AKSB")

to the Company which will facilitate to establish a new corporate structure for the Company with SMRT at the helm.

The Company will assume the listing status of AEGSB, with the listing and quotation of the total number of issued shares of the Company on the Main Market of Bursa Securities ("Proposed Transfer of Listing").

On 14 February 2018, the Proposed Share Exchange was completed. Consequently, AEGSB became a wholly-owned subsidiary of the Company.

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

The Internal Reorganisation was completed during the financial year as disclosed in Note 9 to the financial statements. Consequently CESB, MGIESB, AKBSB, AKKSB and AKSB became wholly-owned subsidiaries of the Company.

32. COMPARATIVES

(a) The acquisition of the entire issued and paid-up share capital of Asiamet Education Group Sdn. Bhd. ("AEGSB") by the Company is a reorganisation and does not result in any change in economic substance. Accordingly, the consolidated financial statements of the Company are continuation of AEGSB Group and is accounted for as follows:

(i) the results of entities are presented as if the reorganisation occurred from the beginning of the earliest period presented in the financial statements;
(ii) the assets and liabilities of the acquired entity is recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value;
(iii) no new goodwill is recognised as a result of the reorganisation. The only goodwill that is recognised is the existing goodwill relating to the combining entities;
(iv) the retained earnings and other equity balances of acquired entity immediately before the business combination are those of the Group; and
(v) the equity structure, however, reflects the equity structure of the Company and the differences arising from the change in equity structure of the Group will be accounted for in capital reorganisation reserve or deficit.

The comparatives are not audited as the combined group was not in existence in the previous financial year.

(b) The comparative figures of the Company covered a period of approximately 13 months from 23 November 2016 (date of incorporation) to 31 December 2017 whilst the figures of the Company for current year's financial statements covered a period of 12 months from 1 January 2018 to 31 December 2018. As such, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and certain notes to the financial statements of the Company are not in respect of comparable periods.

STATEMENT BY DIRECTORS

MINDA GLOBAL BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
(Pursuant to Section 251(2) of the Companies Act 2016)

We, **TAN SRI DATO' DR. PALANIAPPAN A/L RAMANATHAN CHETTIAR** and **GENERAL TAN SRI DATO' SERI MOHD SHAHROM BIN DATO' HJ NORDIN (RTD.)**, being two of the directors of MINDA GLOBAL BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 66 to 154 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

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

....
GENERAL TAN SRI DATO' SERI MOHD SHAHROM BIN DATO' HJ NORDIN (RTD.)
Director

Date: 19 April 2019

STATUTORY DECLARATION

MINDA GLOBAL BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION
(Pursuant to Section 251(1) of the Companies Act 2016)

I, **LAI SWEE SIM**, being the officer primarily responsible for the financial management of MINDA GLOBAL BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 66 to 154 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.

....
LAI SWEE SIM
MIA Membership No.: 29698

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 19 April 2019.

Before me,

AMIRUL IMRAN BIN MOHD ALI (W749)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MINDA GLOBAL BERHAD

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Minda Global Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 66 to 154.

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 31 December 2018, and of their financial performance and their 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 2016 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MINDA GLOBAL BERHAD (Continued)

(Incorporated in Malaysia)

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.

Group

Goodwill (Note 4(i) and 7 to the financial statements)
Other Intangible assets (Note 4(i) and Note 8 to the financial statements)

The Group has significant balance of goodwill and education licenses arising from the acquisition of CUCMS Education Sdn. Bhd. ("CESB"). The goodwill and education licences are tested for impairment annually. We focused on this area because this assessment requires significant judgement by the directors on the discount rate applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections.

Our response:

Our audit procedures included, among others:

- assessing the appropriateness of the finalised fair value of purchase consideration, identifiable assets acquired and the liabilities assumed at the acquisition date as performed by the Group;
- assessing the valuation methodology adopted by the Group in accordance with the requirements of MFRS 136 *Impairment of Assets*;
- comparing the actual results with previous budget to assess the performance of the business;
- comparing the Group's assumptions to our understanding obtained during our audit in relation to key assumptions to assess their reasonableness;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions that are expected to be most sensitive to the recoverable amount.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MINDA GLOBAL BERHAD (Continued)

(Incorporated in Malaysia)

Key Audit Matters (Continued)

Group (Continued)

Trade receivables (Note 4(iii) and 11 to the financial statements)

The Group has significant trade receivables as at 31 December 2018 which include certain amounts which are long outstanding. We focused on this area because the directors made significant judgements over assumptions about risk of default and expected loss rate. In making the assumptions, the directors selected inputs to the impairment calculation, based on the Group's past history, existing market conditions and forward looking information at the end of the reporting period.

Our response:

Our audit procedures included, among others:

- understanding the design and implementation of controls associated with monitoring and impairment assessment of trade receivables that were either in default or significantly overdue;
- understanding of the calculation of provision matrix and significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports;
- testing the mathematical calculation of expected credit loss as at the end of the reporting period; and
- reviewing receipts subsequent to the end of the financial year.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MINDA GLOBAL BERHAD (Continued)

(Incorporated in Malaysia)

Key Audit Matters (Continued)

Company

Investment in subsidiaries (Note 4(ii) and 9 to the financial statements)

The Company has significant balance of investment in subsidiaries, namely Asiamet Education Group Sdn. Bhd. and CUCMS Education Sdn. Bhd. At the end of the financial year, the Company determined whether there is any indication of impairment in investment in subsidiaries.

We focused on this area because the assessment of the recoverable amount involved significant judgement. The recoverable amount of investment in the subsidiaries were determined based on value-in-use which includes the discount rate applied in the recoverable amount calculation and the assumption supporting the underlying cash flow projections which include future sales, gross profit margin and operating expenses.

Our response:

Our audit procedures included, among others:
- comparing the actual results with previous budget to assess the performance of the business;
- comparing the Group's assumptions to our understanding obtained during our audit in relation to key assumptions to assess their reasonableness;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions that are expected to be most sensitive to the recoverable amount.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MINDA GLOBAL BERHAD (Continued)

(Incorporated in Malaysia)

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 2016 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MINDA GLOBAL BERHAD (Continued)

(Incorporated in Malaysia)

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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MINDA GLOBAL BERHAD (Continued)

(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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.

Other Matters

1. Without qualifying our report, we draw attention to Note 32 to the financial statements which states that the Group's comparative figures disclosed in the financial statements have not been audited.

2. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 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 PLT
LLP0019411-LCA & AF 0117
Chartered Accountants

Lee Kong Weng
02967/07/2019 J
Chartered Accountant

Kuala Lumpur

Date: 19 April 2019

NOTICE OF SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Second Annual General Meeting of the Company will be held at Lecture Hall 3, Level 4, Academic Block, CUCMS Campus, Persiaran Bestari, Cyber 11, 63000 Cyberjaya, Selangor Darul Ehsan on Thursday, 27 June 2019 at 2.00 p.m., for the following purposes :-

AGENDA

ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Directors' and Auditors' Reports thereon.	**Please refer to Explanatory Note A**
2.	To approve the payment of Directors' fees and meeting allowances payable to the Non-Executive Directors from 15 June 2019 until the conclusion of the next Annual General Meeting of the Company.	**Resolution 1 Please refer to Explanatory Note B**
3.	To re-elect the following Directors who are retiring in accordance with Clause 103 of the Company's Constitution and who being eligible offer themselves for re-election :-	
	(a) General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj. Nordin (Rtd.)	**Resolution 2**
	(b) Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	**Resolution 3**
4.	To re-elect the following Director who is retiring in accordance with Clause 110 of the Company's Constitution and being eligible offer himself for re-election :-	
	(a) Mr. Maha Ramanathan Palan	**Resolution 4**
5.	To re-appoint Messrs Baker Tilly Monteiro Heng PLT as the Company's Auditors for the ensuing year and to authorise the Directors to fix their remuneration.	**Resolution 5**

SPECIAL BUSINESS
To consider and, if thought fit, to pass the following Ordinary Resolution:-

6. **Authority for Directors to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016** — **Resolution 6 Please refer to Explanatory Note C**

"**THAT** subject always to the Companies Act 2016 ("Act"), Constitution of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant authorities, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company at any time and upon such terms and 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 pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company at the time of issue **AND THAT** the Directors be and are also empowered to obtain all necessary approvals from the relevant authorities for the issuance and listing of and quotation for the additional shares so issued on Bursa Securities **AND FURTHER THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF SECOND ANNUAL GENERAL MEETING (Continued)

OTHER ORDINARY BUSINESS

7. To transact any other business of the Company of which due notice shall be given in accordance with the Company's Constitution and the Act.

By Order of the Board

WONG YOUN KIM
(MAICSA 7018778)
Company Secretary

Kuala Lumpur

Dated this 30 April 2019

NOTES:

1. *A member of the Company entitled to be present and vote at the meeting is entitled to appoint a proxy/proxies, to attend and vote instead of him. A proxy may but need not be a member of the Company and there is no restriction as to the qualification of the proxy.*

2. *A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.*

3. *Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*

4. *If the appointer is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of its officer or attorney duly authorised.*

5. *Where a member 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.*

6. *A proxy appointed to attend and vote in a meeting of the Company shall have the same rights as the member to speak at the meeting.*

7. *The duly completed Form of Proxy must be deposited at the registered office of the Company at HMC Corporate Services Sdn Bhd, Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*

8. ***General Meeting Record of Depositors***
   For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd in accordance with Clause 78 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 17 June 2019. Only a depositor whose name appears on the Record of Depositors as at 17 June 2019 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

NOTICE OF SECOND ANNUAL GENERAL MEETING (Continued)

EXPLANATORY NOTES :

A. Item 1 of the Agenda - Audited Financial Statements for the Financial Year Ended 31 December 2018

The Audited Financial Statements are for discussion only as the approval of the shareholders is not required pursuant to Section 340(1)(a) of the Act. Hence, this Agenda item is not put forward for voting by the shareholders of the Company.

B. Ordinary Resolution 1 - Directors' Fees and Meeting Allowances

Section 230 (1) of the Act provides amongst others that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The Board of Directors is seeking approval from the shareholders for the payment of Directors' fees and meeting allowances payable to Non-Executive Directors for the period from 15 June 2019 until the conclusion of the next Annual General Meeting of the Company in 2020 based on the structure below:-

		Directors' Fees (Per Director) RM	Meeting Allowances (Per Meeting) RM
Board of Directors	Chairman	5,000 per month	1,000
	Member	4,000 per month	500
Audit and Risk Management Committee	Chairman	-	1,000
	Member		500
Nomination and Remuneration Committee	Chairman	-	1,000
	Member		500

C. Ordinary Resolution 6 - Authority for Directors to Issue and Allot Shares pursuant to Sections 75 and 76 of the Act

The proposed Resolution 6, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting, with the authority to issue and allot shares in the Company up to an amount not exceeding 10% of the total number of issued shares of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

This general 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 cost and time. The purpose of this general mandate is for fund raising exercises including but not limited to placement of shares for the purpose of funding current and/or future investment projects, working capital and/or acquisitions.

STATEMENT ACCOMPANYING NOTICE OF SECOND ANNUAL GENERAL MEETING
(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities)

1. The Directors seeking re-election at the Second Annual General Meeting of the Company pursuant to Clause 103 of the Company's Constitution are as follows :-

   (a) General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj. Nordin (Rtd.)
   (b) Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar

2. The Director seeking re-election at the Second Annual General Meeting of the Company pursuant to Clause 110 of the Company's Constitution is as follows :-

   (a) Mr. Maha Ramanathan Palan

The profiles of the above Directors who are seeking re-elections are set out in the Directors' Profile as disclosed on pages 24 to 27 of the Company's Annual Report 2018.

The details of the interest of the Directors in the securities of the Company are stated on page 63 of the Company's Annual Report 2018.

PROXY FORM

Minda Global
Berhad

(Company No. 1209985-V)
(Incorporated in Malaysia)

I/We ....
(FULL NAME IN BLOCK LETTERS)

of ....
(FULL ADDRESS)

....

being a member/members of MINDA GLOBAL BERHAD hereby appoint the following person(s) or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf, at the Second Annual General Meeting of the Company to be held at the Lecture Hall 3, Level 4, Academic Block, CUCMS Campus, Persiaran Bestari, Cyber 11, 63000 Cyberjaya, Selangor Darul Ehsan on Thursday, 27 June 2019 at 2.00 p.m. and any adjournment thereof:-

Name of Proxy, NRIC/Passport No. & Address	No. of Share to be represented by Proxy
Name: NRIC/Passport No.: Address:	________________
Name: NRIC/Passport No.: Address:	________________

NO.	RESOLUTION		FOR	AGAINST
1.	To approve the payment of Directors' fees and meeting allowances payable to the Non-Executive Directors from 15 June 2019 until the conclusion of the next Annual General Meeting of the Company.	*Resolution 1*		
2.	Re-election of General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj. Nordin (Rtd.)	*Resolution 2*		
3.	Re-election of Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	*Resolution 3*		
4.	Re-election of Mr. Maha Ramanathan Palan	*Resolution 4*		
5.	Re-appointment of Messrs Baker Tilly Monteiro Heng PLT as Auditors	*Resolution 5*		
6.	Approval for Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016	*Resolution 6*		

Please indicate with an "X" in the appropriate boxes on how you wish your vote to be cast on the Resolutions specified in the Notice of Meeting. Unless voting instructions are indicated in the space above, the proxy will vote as he/she thinks fit.

Number of Shares	
CDS A/C No	

________________ Date

________________ Signature/Common Seal of Shareholder

Notes :

1. *A member of the Company entitled to be present and vote at the meeting is entitled to appoint a proxy/proxies, to attend and vote instead of him. A proxy may but need not be a member of the Company and there is no restriction as to the qualification of the proxy.*

2. *A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.*

3. *Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*

4. *If the appointer is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of its officer or attorney duly authorised.*

5. *Where a member 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.*

6. *A proxy appointed to attend and vote in a meeting of the Company shall have the same rights as the member to speak at the meeting.*

7. *The duly completed Form of Proxy must be deposited at the registered office of the Company at HMC Corporate Services Sdn Bhd, Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*

8. ***General Meeting Record of Depositors***
   For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd in accordance with Clause 78 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 17 June 2019. Only a depositor whose name appears on the Record of Depositors as at 17 June 2019 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

**Delete where inapplicable*

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Affix
Stamp
here

The Company Secretary
Minda Global Berhad (1209985-V)

c/o HMC Corporate Services Sdn Bhd
Level 2, Tower 1, Avenue 5,
Bangsar South City,
59200 Kuala Lumpur,
Malaysia

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Minda Global Berhad (Company No. 1209985-V)
Level 8, Tower Block, CUCMS Campus,
Persiaran Bestari, Cyber 11, 63000 Cyberjaya, Selangor Darul Ehsan, Malaysia
Tel No: +(603) 8800 5295