

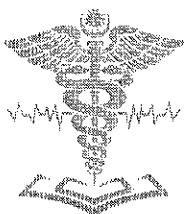


MASTERSKILL EDUCATION GROUP BERHAD

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2010**
(the figures have not been audited)

	2010 Current Period Quarter Ended 31-Dec (Unaudited) (RM'000)	2009 Preceding Year Quarter Ended 31-Dec (Unaudited) (RM'000)	2010 Current Year Cumulative to Date 31-Dec (Unaudited) (RM'000)	2009 Preceding Year Cumulative to Date 31-Dec (Audited) (RM'000)
Revenue	80,905	74,264	315,736	273,385
Cost of Sale	(33,654)	(23,986)	(124,048)	(102,373)
Gross Profit	47,251	50,278	191,688	171,012
Operating Expenses	(22,408)	(23,041)	(77,373)	(58,606)
Other Operating Income	21	15	854	99
Interest Expense	(332)	(265)	(1,382)	(1,294)
Interest Income	1,491	432	4,212	1,078
Profit Before Taxation	26,023	27,419	117,999	112,289
Taxation: Company & Subsidiary Companies	822	1,198	(15,856)	(14,907)
Net Profit Attributable to Ordinary Equity Holders	26,845	28,617	102,143	97,382
Basic Earnings per Ordinary Share (RM)	0.09	57.23	0.33	194.76
Diluted Earnings per Ordinary Share (RM)	0.07	0.08	0.26	0.26



MASTERSKILL EDUCATION GROUP BERHAD

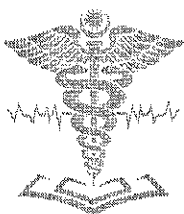
(Company No. 746920-M)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010
(the figures have not been audited)**

	As at 31-Dec-10 (RM'000) Unaudited	As at 31-Dec-09 (RM'000) Audited
NON-CURRENT ASSETS		
Property, plant and equipment	306,196	163,164
Intangible assets	42,237	42,237
Prepaid lease payments	-	6,239
Total Non-Current Assets	348,433	211,640
CURRENT ASSETS		
Receivables, deposits and prepayments	144,358	139,741
Current tax asset	13,545	4,647
Cash and cash equivalents	144,897	53,495
Total Current Assets	302,800	197,883
TOTAL ASSETS	651,233	409,523
EQUITY		
Share capital	81,981	70,635
Share premium	144,225	1,124
Retained earnings	294,315	220,865
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	520,521	292,624
LIABILITIES		
Borrowings	35,619	17,774
Deferred tax liabilities	9,804	4,600
Total Non-Current Liabilities	45,423	22,374
Payables and accruals	75,420	76,152
Borrowings	9,869	5,488
Irredeemable convertible preference shares	-	12,885
Total Current Liabilities	85,289	94,525
TOTAL LIABILITIES	130,712	116,899
TOTAL EQUITY AND LIABILITIES	651,233	409,523
Net assets per share attributable to ordinary equity holders of the parent (1) (RM)	1.27	2,926.24

Note:

(1) computed based on the net assets of the Group divided by 409,906 thousands and 100 thousands of shares as at 31 December 2010 and 31 December 2009 respectively.



MASTERSKILL EDUCATION GROUP BERHAD

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

**CONDENSED CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY FOR THE
QUARTER ENDED 31 DECEMBER 2010**
(The figures have not been audited)

← Equity Attributable to Equity Holders of the Company →

	← Non-distributable →		Distributable	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	
Balance as at 1 January 2009 (audited)	70,635	1,124	123,483	195,242
Total comprehensive income for the year (audited)	-	-	97,382	97,382
Balance as at 31 December 2009/1 January 2010 (audited)	70,635	1,124	220,865	292,624
Conversion of irredeemable convertible preference shares to ordinary shares	3,146	9,739	-	12,885
Issuance of new ordinary shares in conjunction with the initial public offering	8,200	139,435	-	147,635
Share issue expenses	-	(6,073)	-	(6,073)
Dividend	-	-	(28,693)	(28,693)
Total comprehensive income for the year	-	-	102,143	102,143
Balance as at 31 December 2010 (unaudited)	81,981	144,225	294,315	520,521



MASTERSKILL EDUCATION GROUP BERHAD

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2010**

(The figures have not been audited)

	As at 31-Dec-10 (Unaudited) (RM'000)	As at 31-Dec-09 (Audited) (RM'000)
Cash flows from operating activities		
Profit before taxation	117,999	112,289
Adjustments for:		
Amortisation	-	78
Depreciation	16,413	11,095
Interest Expense	1,382	1,294
Interest Income	(4,212)	(1,078)
Loss on disposal of property, plant and equipment	-	39
Operating profit before working capital changes	131,582	123,717
Changes in working capital:		
Receivables, deposits and prepayments	(4,617)	(31,301)
Payables and accruals	(732)	22,638
Cash generated from operating activities	126,233	115,054
Income Tax paid	(19,550)	(13,753)
Interest Paid	(1,382)	(1,294)
Interest Received	4,212	1,078
Net cash from operating activities	109,513	101,085
Cash flows from investing activities		
Pledged deposits placed with licensed banks	(324)	12,384
Purchase of property, plant and equipment	(146,794)	(64,118)
Net cash used in investing activities	(147,118)	(51,734)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	141,562	-
Proceeds from borrowings	22,390	30,000
Repayment of borrowings	(5,233)	(34,360)
Payment of hire purchase liabilities	(1,343)	(920)
Dividend paid	(28,693)	-
Net cash used in financing activities	128,683	(5,280)
Net increase in cash and cash equivalents	91,078	44,071
Cash and cash equivalents at 1 January	52,747	8,676
Cash and cash equivalents at end of year	143,825	52,747



MASTERSKILL EDUCATION GROUP BERHAD

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2010**
(The figures have not been audited)

i) Purchase of property, plant and equipment

The Group acquired property, plant and equipment with an aggregate cost of RM153,206,000 (2009 - RM66,794,000) of which RM6,412,000 (2009 - RM2,676,000) was acquired by means of finance lease.

ii) Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flow comprise the following statement of financial position amounts:

	As at 31-Dec-10 (Unaudited) (RM'000)	As at 31-Dec-09 (Audited) (RM'000)
Deposits placed with licensed banks	90,755	35,738
Cash and bank balances	54,142	17,757
	<hr/>	<hr/>
Cash and cash equivalents	144,897	53,495
Less: Deposits pledged with licensed banks	(1,072)	(748)
	<hr/>	<hr/>
Cash and cash equivalents	143,825	52,747



MASTERSKILL EDUCATION GROUP BERHAD

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

(A) EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

1. Basis of Preparation

The interim financial statements have been prepared under the historical cost convention. The unaudited interim financial statements have been prepared in accordance with FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes included in the Prospectus dated 26 April 2010. These notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2009.

2. Accounting Policies

The accounting policies, methods of computation and presentation adopted by the Group for the quarterly financial statements are consistent with those adopted in the Group's consolidated audited financial statements for the financial year ended 31 December 2009, except for the adoption of the following:

- FRS 8, *Operating Segments*
- FRS 7, *Financial Instruments: Disclosures*
- FRS 101, *Presentation of Financial Statements*
- FRS 123, *Borrowing Costs* (revised)
- FRS 139, *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
- Amendments to FRS 2, *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments to FRS 7, *Financial Instruments: Disclosures*
- Amendments to FRS 101, *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 132, *Financial Instruments: Presentation*
 - *Puttable Financial Instruments and Obligations Arising on Liquidation*
 - *Separation of Compound Instrument*
 - *Classification of Rights Issues*
- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*,
 - *Reclassification of Financial Assets*
 - *Collective Assessment of Impairment for Banking Institutions*
- Improvements to FRSS (2009)
- IC Interpretation 9, *Reassessment of Embedded Derivatives*
- IC Interpretation 10, *Interim Financial Reporting and Impairment*
- IC Interpretation 11, *FRS 2 – Group and Treasury Share Transactions*
- IC Interpretation 13, *Customer Loyalty Programmes*
- IC Interpretation 14, *FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*



MASTERSKILL EDUCATION GROUP BERHAD

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

(A) EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

2. Accounting Policies (continued)

The adoption of the above standards, amendments and interpretations do not have any material impact on the financial statements of the Group.

The Group has not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Group:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distributions of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
 - *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
 - *Additional Exemptions for First-time Adopters*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, *Transfers of Assets from Customers*
- Improvements to FRSs (2010)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*



MASTERSKILL EDUCATION GROUP BERHAD

(Company No. 746920-M)
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(A) EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

2. Accounting Policies (continued)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, *Related Party Disclosures* (revised)
- IC Interpretation 15, *Agreements for the Construction of Real Estate*

The Group plans to apply the abovementioned standards, amendments and interpretations from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011, except for Amendments to FRS 2, Amendments to FRS 5, IC Interpretation 12, Amendments to IC Interpretation 14, IC Interpretation 15, IC Interpretation 16, IC Interpretation 17 and IC Interpretation 18, which are not applicable to the Group.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

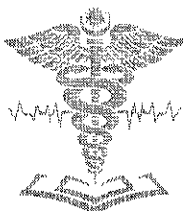
The initial applications of the other standards, amendments and interpretations are not expected to have any material impact on the financial statements of the Group.

Improvements to FRSs (2009)

Improvements to FRSs (2009) contain various amendments that result in accounting changes for presentation, recognition or measurement and disclosure purposes. Amendment that has material impact is:

- FRS 117, *Leases*

The amendments clarify the classification of lease of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment. The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions. This change in accounting policy will result in the reclassification of lease of land amounting to RM24,206,039 as at 31 December 2010 from prepaid lease payments to property, plant and equipment.



MASTERSKILL EDUCATION GROUP BERHAD

(Company No. 746920-M)

(Incorporated in Malaysia)

(A) EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

3. Seasonal or Cyclical Factors

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

4. Unusual Significant Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial year-to-date.

5. Changes in Estimates

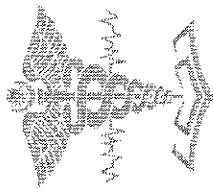
There were no changes in estimates of amounts reported in prior financial year that had a material effect in the current quarter and year-to-date results.

6. Changes in Debt and Equity Securities

The Company had on 13 May 2010 increased the issued and paid-up share capital of the Company from 368,905,780 ordinary shares of RM0.20 each to 409,905,780 ordinary shares of RM0.20 each by the issuance of 25,500,000 and 15,500,000 new ordinary shares of RM0.20 each at RM3.50 and RM3.80 per ordinary share respectively in conjunction with the listing of and quotation for 409,905,780 ordinary shares on the Main Market of Bursa Malaysia Securities Berhad. The resulting share premium amounting to RM139,950,000 has been credited to share premium account.

7. Dividends Paid

A First Interim Single Tier Dividend of 7 sen per ordinary share of RM0.20 in respect of financial year ending 31 December 2010 amounting to RM28.7 million has been paid on 13 October 2010 to the holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 23 September 2010.



MASTERSKILL EDUCATION GROUP BERHAD
(Company No. 746920-M)
(Incorporated in Malaysia)

(A) EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

8. Segmental Reporting

Segmental information for the Group is presented as follows:

←----- Quarter ended and cumulative to date 31.12.2010 (unaudited) ----->

	University College		Colleges		Consultancy		Consolidated	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Geographical segments								
Revenue	146,610	173,616	168,969	99,769	157	-	315,736	273,385
Cost of services	(75,394)	(70,528)	(48,500)	(31,845)	(154)	-	(124,048)	(102,373)
Gross profit	71,216	103,088	120,469	67,924	3	-	191,688	171,012
Administrative and other expenses	(30,828)	(34,325)	(25,050)	(16,879)	(12)	-	(55,890)	(51,204)
Segment results	40,388	68,763	95,419	51,045	(9)	-	135,798	119,808
Unallocated expenses							(20,629)	(7,303)
Results from operating activities							115,169	112,505
Interest income							4,212	1,078
Interest expense							(1,382)	(1,294)
Profit before taxation							117,999	112,289
Tax expense							(15,856)	(14,907)
Profit for the year	102,143	97,382						



MASTERSKILL EDUCATION GROUP BERHAD

(Company No. 746920-M)
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(A) EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

9. Material Subsequent Events

There were no material events subsequent to the end of the current quarter.

10. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter.

11. Changes in Contingent Liabilities and Contingent Assets

A. Contingent Liabilities

There were no changes in contingent liabilities since the balance sheet as at 31 December 2009 except for the following:-

(i) Kota Bharu High Court Suit No. 22-43-2010

**Emi Roshaida Binti Adnan -v- Masterskill (M) Sdn Bhd
(Alleged Rape Case)**

- The Plaintiff has withdrawn her writ of summons and statement of claim with no order as to costs and with no liberty to file afresh against Masterskill and Masterskill has withdrawn its counterclaim against the Plaintiff.

(ii) Kuala Lumpur High Court Suit No. D4-22-835-2006

Soh Kok Chuan -v- Masterskill (M) Sdn Bhd, Kemacahaya Development Sdn Bhd, Syarikat Kemacahaya Sdn Bhd and Megatalent Sdn Bhd

- On 4.10.2010, the Court has fixed the matter for further case management on 25.10.2010. The Court has fixed for further case management pending fixing for trial date. No material development to this matter.

B. Contingent Assets

There were no material contingent assets since 31 December 2009.

12. Commitments on Capital Expenditure

The capital commitments of the Group as at 31 December 2010 are as follow:

	As at 31.12.2010 (unaudited) RM 000	As at 31.12.2009 (audited) RM 000
Capital commitments		
Property, plant and equipment		
Contracted but not provided for	56,622	13,823
Authorised but not contracted for	-	45,340
	-----	-----
	56,622	59,163
	=====	=====



MASTERSKILL EDUCATION GROUP BERHAD

(Company No. 746920-M)
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(A) EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

13. Related Party Transactions

Related parties are those defined under FRS 124: Related Party Disclosures. The Directors are of the opinion that the related party transactions and balances, described below were carried out in the ordinary course of business and commercial terms that are no more favourable than those available to other third parties.

	Transaction for the year-to-date ended 31.12.2010 RM 000	Balances due from/(to) as at 31.12.2010 RM 000
With a Director		
Rental expense for premises	336	-
With a Director's spouse		
Rental expense for premises	27	-
	====	====

14. Qualification of Preceding Audited Financial Statements

There was no qualification to the preceding audited financial statements for the financial year ended 31 December 2009.

15. Realised and Unrealised Profits/Losses Disclosure

	As at 31.12.2010 RM'000
Total retained earnings of Masterskill Education Group Berhad and its subsidiaries	
- Realised	284,511
- Unrealised	9,804

Total	294,315
	=====

Comparative figures are not required in the first financial year of complying with the Realised and Unrealised Profits/Losses Disclosure.



MASTERSKILL EDUCATION GROUP BERHAD

(Company No. 746920-M)
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(B) ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (PARAGRAPH 9.22 AND APPENDIX 9B)

1. Review of Performance

For the fourth quarter under review, the Group recorded a revenue and profit before tax of approximately RM80.9 million and RM26.0 million respectively.

The Group's revenue rose by 8.9% to RM80.9 million compared to RM74.3 million recorded in previous year corresponding quarter. This was mainly due to the increase in student numbers from 17,165 in December 2009 to 18,399 in December 2010.

Cost of sales increased by RM9.7 million compared to 4Q09 mainly due to higher transportation and academic staff cost as a result of the increase in student number.

During 4Q09, adjustments and negotiations were made on the direct cost of accommodation and transportation resulting in revised rates, better cost savings and receipts of one-time-off credit notes. It has reduced the direct cost in 4Q09 by approximately RM2.2 million.

As such, the profit before tax of RM27.4 million recorded in 4Q09 was higher compared to RM26.0 million recorded in this reporting quarter. Not taking into consideration, the existence of the one-time-off credit notes, PBT for 4Q10 would have been higher by approximately RM0.8 million compared to 4Q09.

The Company's cash flow from operating activities increased to RM109.5m in FY2010 compared to RM101.1m last year. Net increase in cash and cash equivalents at the end of the financial year was RM91.1 million after incurring RM146.8 million for capital expenditure. The healthy cash flow would allow the Company to capitalise on expansion at an opportune time.

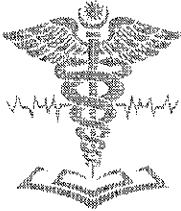
2. Comparison with Preceding Quarter's Results

The Group achieved revenue of RM80.9 million for the quarter under review. Revenue was 0.3% higher than the preceding quarter.

In line with the Group's expansion for the reporting quarter, cost of sales particularly in student related cost, advertisements & marketing cost increased by RM3.4 million while operating expenses was RM4.7 million higher due to increase in advertising & marketing expenses, depreciation and staff salary.

The cost increases are in tandem with the increase in student number from 17,613 in 3Q10 to 18,399 in 4Q10.

Profit after tax for 4Q10 was RM26.8 million, marginally higher than RM26.2 million achieved in 3Q10.



MASTERSKILL EDUCATION GROUP BERHAD

(Company No. 746920-M)
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(B) ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (PARAGRAPH 9.22 AND APPENDIX 9B)

3. Commentary on Prospects

As Masterskill Education Group Berhad moves forward in 2011, we are focusing on three areas of growth, namely student population, course and curriculum offerings and campus expansion.

Growing the student population

In order to attract a student population, the Group is embarking on an aggressive marketing initiative across the nation. Utilising proven marketing campaigns and specific promotional activities that highlight our newly established campuses, the Group expects to recruit a whole new generation of students.

Developing new curriculum offerings

In line with the Group's aim of complementing its offerings in Nursing and Allied Health Sciences, we are actively developing new courses that are popular with students as well as in demand by the healthcare sector. At the same time, the Group is tirelessly adding to and improving upon the existing curriculum with courses incorporating innovative computer-based technology that are relevant to the industry, ensuring that the highest quality education standards are maintained. This commitment to excellence is the cornerstone upon which the Group is founded, producing graduates who are equally competent and compassionate, ready to excel in the healthcare sector year after year.

Expanding the campus

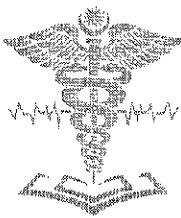
The Group's presence on the east coast of Peninsular Malaysia will be enhanced by the newly expanded campus in Kota Bharu. In the south, the new university branch campus in Pasir Gudang Seri Alam, Johor, which is a dedicated medical campus, will be operational in Q2 of this year. With the newly opened Kuching campus as well as the Kota Kinabalu campus which is in the midst of construction, the student enrolment in these two states is also set to grow exponentially. In the coming months, the Group will commence the construction of our new concept campus in Bandar Baru Bangi. Once completed, it will enjoy full-fledged university status and offer full programme courses for medical, nursing and allied health sciences.

Moving forward with confidence

Despite the possibility of a reduction in PTPTN funding to new students for new programmes, these possible changes will not affect our existing group of students who are currently taking these loans. As the Group remains fundamentally strong, the Directors remain confident of achieving satisfactory performance for the financial year 2011.

4. Variance on Profit Forecast /Profit Guarantee

The Group has not issued any profit forecast or profit guarantee for the current quarter under review or in its prospectus dated 26 April 2010.



MASTERSKILL EDUCATION GROUP BERHAD

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(B) ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (PARAGRAPH 9.22 AND APPENDIX 9B)

5. Taxation

	Quarter ended		Cumulative to date	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Income and deferred tax	(822)	(1,198)	15,856	14,907
	=====	=====	=====	=====

The effective tax rate of the Group for the current quarter and year-to-date is lower than the Malaysian statutory tax rate due mainly to utilisation of Investment Tax Allowance, a tax incentive granted under the Promotion of Investment Act, 1986.

6. Profit/(Loss) on Sale of Unquoted Investments and/or Properties

There were no sales of unquoted investments or properties during the current quarter and financial year-to-date.

7. Quoted Securities other than Securities in Existing Subsidiaries and Associated Companies

There was no investment in quoted securities as at the end of the reporting period.

8. Status of Corporate Proposals

As at 31 December 2010, the gross proceeds of RM142,783,872 arising from the Public Issue was partially utilised in the following manner:

Purpose	Proposed utilisation	Actual utilisation	Intended time frame for utilisation	Deviation		Explanation
	RM '000	RM '000		RM'000	%	
Purchase of land and construction of buildings	115,000	33,207	Within 12-18 months	81,793	71.1	*
Campus expansion	20,000	20,000		-	-	
Working capital	3,000	3,000		-	-	
Listing expenses	5,500	8,010		(2,510)	-45.6	
	-----	-----		-----	-----	
	143,500	64,217		79,283	55.2	
	=====	=====		=====	=====	

* Pending construction of new campus.



MASTERSKILL EDUCATION GROUP BERHAD

(Company No. 746920-M)
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(B) ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (PARAGRAPH 9.22 AND APPENDIX 9B)

9. Group Borrowings and Debt Securities

Save as disclosed below, there were no other borrowings or debt securities in the Group as at 31 December 2010.

Borrowings (secured)	As at 31.12.2010 (unaudited) RM'000	As at 31.12.2009 (audited) RM'000
Non-current		
Finance lease liabilities	7,771	4,162
Secured revolving credit (Islamic)	3,274	5,445
Secured term loan (Islamic)	24,574	8,167
	-----	-----
	35,619	17,774
	-----	-----
Current		
Finance lease liabilities	2,662	1,202
Secured revolving credit (Islamic)	2,165	2,123
Secured term loan (Islamic)	5,042	2,163
	-----	-----
	9,869	5,488
	-----	-----
	45,488	23,262
	=====	=====

10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at 31 December 2010.



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**(B) ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF
BURSA SECURITIES (PARAGRAPH 9.22 AND APPENDIX 9B)**

11. Material Litigation

As of the date of this announcement, the following are the developments to the material litigations against the Group or taken by the Group.

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

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

- The Court has on 13.9.2010 dismissed Masterskill's application to set aside Second Defendant's Judgment in Default dated 13.5.2009 with costs of RM5,000.00 (Enclosure 71). The Court of Appeal had on 13.8.2009 stayed the effects of the Order which was obtained by the Second Defendant to strike out Masterskill's defence (Enclosure 21). The Court of Appeal's decision is still in effect until the determination of the appeal proper against Enclosure 21.
- The Court has on 24.9.2010 scheduled a further Case Management date on 31.1.2011.
- The Court has fixed the matter for further case management pending disposal of Masterskill's appeal at the Court of Appeal.

**B. Kuala Lumpur High Court Suit No. S-22-275-2010
Masterskill (M) Sdn Bhd -v- SAP Holdings Berhad**

- The Suit against the Defendant was summarily dismissed without trial as the Court was of the opinion, amongst others, that the agreements between the parties were subject to contract. The decision has no material impact on Masterskill (M) Sdn Bhd for the following reasons:-
 - (i) as the Defendant did not have a counterclaim against Masterskill (M) Sdn Bhd and as all deposits paid were refunded in full, Masterskill (M) Sdn Bhd has no liability whatsoever;
 - (ii) at the material time when Masterskill (M) Sdn Bhd was informed of the decision of the Defendant not to proceed with the agreement for the purchase of the land, Masterskill (M) Sdn Bhd had successfully proceeded to purchase a different property. Masterskill (M) Sdn Bhd's expansion plans have therefore not been affected by this case.



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**(B) ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF
BURSA SECURITIES (PARAGRAPH 9.22 AND APPENDIX 9B)**

11. Material Litigation (continued)

**C. Kuala Lumpur High Court Suit No. S-23-41-2010
Masterskill (M) Sdn Bhd -v- Sistem Televisyen Malaysia Berhad ("STMB")**

- The Court has fixed the matter for trial on 8.12.2010, 28.1.2011 at 8.30am, 21.2.2011 and 22.2.2011 at 2pm.
- The trial which came up on 22.2.2011 proceeded with 2 Masterskill's witnesses and the Court has scheduled for continued trial on 8.3.2011 and 11.3.2011.

**D. Kota Bharu High Court Suit No. 22-43-2010
Emi Roshaida Binti Adnan -v- Masterskill (M) Sdn Bhd (Alleged Rape Case)**

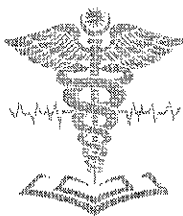
- The Plaintiff has withdrawn her writ of summons and statement of claim with no order as to costs and with no liberty to file afresh against Masterskill (M) Sdn Bhd and Masterskill (M) Sdn Bhd has withdrawn their counterclaim against the Plaintiff.

**E. Kuala Lumpur High Court Suit No. D4-22-835-2006
Soh Kok Chuan -v- Masterskill (M) Sdn Bhd, Kemacahaya Development Sdn Bhd, Syarikat Kemacahaya Sdn Bhd and Megatalent Sdn Bhd**

- On 4.10.2010, the Court has fixed the matter for further case management on 25.10.2010. The Court has fixed for further case management pending fixing for trial date. No material development to this matter.

12. Dividends

A First Interim Single Tier Dividend of 7 sen per ordinary share of RM0.20 in respect of financial year ending 31 December 2010 amounting to RM28.7 million has been paid on 13 October 2010 to the holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 23 September 2010.



MASTERSKILL EDUCATION GROUP BERHAD

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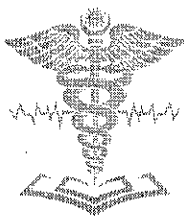
(B) ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (PARAGRAPH 9.22 AND APPENDIX 9B)

13. Earnings per Share

Basic earnings per ordinary share

The basic earnings per ordinary share of RM0.33 (31.12.2009 – RM194.76) is calculated based on the net profit attributable to ordinary shareholders of RM102,143,000 (31.12.2009 – 97,382,000) and the weighted average number of ordinary shares in issue during the quarter 312,314,000 (31.12.2009 – 500,000).

	Quarter ended		Cumulative to date	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Profit for the period attributable to ordinary equity shareholders (RM'000)	26,845 =====	28,617 =====	102,143 =====	97,382 =====
Weighted average number of ordinary shares at 1 January ('000)	100	100	100	100
Effects of conversion of Irredeemable convertible preference shares to ordinary shares ('000)	57,128	-	57,128	-
Effects of share split during the period ('000)	228,913	400	228,913	400
Effects of issuance of new ordinary shares during the period ('000)	26,173	-	26,173	-
Weighted average number of ordinary shares at 31 December ('000)	312,314 =====	500 =====	312,314 =====	500 =====
Basic earnings per ordinary share (RM)	0.09 =====	57.23 =====	0.33 =====	194.76 =====



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(B) ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (PARAGRAPH 9.22 AND APPENDIX 9B)

13. Earnings per Share (continued)

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary shares at 31 December 2010 is based on profit attributable to ordinary shareholders of RM102,143,000 (31.12.2009 – RM97,382,000) and the weighted average number of shares outstanding after adjusting for the effects of all dilutive potential ordinary shares, calculated as follows:

	Quarter ended		Cumulative to date	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Profit for the period attributable to ordinary equity shareholders (RM'000)	26,845 =====	28,617 =====	102,143 =====	97,382 =====
Weighted average number of ordinary shares (diluted) at 31 December ('000)	368,906	500	368,906	500
Effects of conversion of ICPS ('000)	-	368,406	-	368,406
Effects of issuance of new ordinary shares during the period ('000)	26,173	-	26,173	-
	-----	-----	-----	-----
Weighted average number of ordinary shares (diluted) at 31 December ('000)	395,079 =====	368,906 =====	395,079 =====	368,906 =====
Diluted earnings per ordinary share (RM)	0.07 =====	0.08 =====	0.26 =====	0.26 =====

BY ORDER OF THE BOARD