

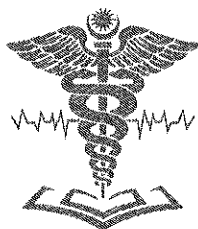


**MASTERSKILL EDUCATION GROUP BERHAD**

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 JUNE 2011  
(the figures have not been audited)**

	<b>2011 Current Period Quarter Ended 30-Jun (Unaudited) (RM'000)</b>	<b>2010 Preceding Year Quarter Ended 30-Jun (Unaudited) (RM'000)</b>	<b>2011 Current Year Cumulative to Date 30-Jun (Unaudited) (RM'000)</b>	<b>2010 Preceding Year Cumulative to Date 30-Jun (Unaudited) (RM'000)</b>
Revenue	65,785	77,113	139,469	154,153
Cost of sale	(32,946)	(31,698)	(60,482)	(60,149)
<b>Gross profit</b>	<b>32,839</b>	<b>45,415</b>	<b>78,987</b>	<b>94,004</b>
Operating expenses	(22,839)	(20,833)	(44,353)	(37,294)
Other operating income	126	743	187	776
Interest expense	(819)	(323)	(1,703)	(645)
Interest income	1,258	721	2,326	936
<b>Profit before taxation</b>	<b>10,565</b>	<b>25,723</b>	<b>35,444</b>	<b>57,777</b>
Income tax expense	1,012	(3,293)	(1,278)	(8,664)
<b>Profit for the period attributable to owners of the Company</b>	<b>11,577</b>	<b>22,430</b>	<b>34,166</b>	<b>49,113</b>
Other comprehensive income, net of tax Fair value of available-for-sale financial assets	7,117	-	7,117	-
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>18,694</b>	<b>22,430</b>	<b>41,283</b>	<b>49,113</b>
Basic earnings per ordinary share (RM)	0.03	0.11	0.08	0.23
Diluted earnings per ordinary share (RM)	0.03	0.06	0.08	0.13



## MASTERSKILL EDUCATION GROUP BERHAD

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

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011 (the figures have not been audited)

	As at 30-Jun-11 (RM'000) Unaudited	As at 31-Dec-10 (RM'000) Audited
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	322,435	306,196
Intangible assets	42,286	42,237
Other investments	10,171	-
<b>Total Non-Current Assets</b>	<b>374,892</b>	<b>348,433</b>
<b>CURRENT ASSETS</b>		
Receivables, deposits and prepayments	130,339	144,358
Current tax asset	20,102	13,545
Cash and cash equivalents	132,081	144,897
<b>Total Current Assets</b>	<b>282,522</b>	<b>302,800</b>
<b>TOTAL ASSETS</b>	<b>657,414</b>	<b>651,233</b>
<b>EQUITY</b>		
Share capital	81,981	81,981
Share premium	144,225	144,225
Reserves	303,216	294,315
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>529,422</b>	<b>520,521</b>
<b>LIABILITIES</b>		
Borrowings (secured)	47,089	35,619
Deferred tax liabilities	8,384	9,804
<b>Total Non-Current Liabilities</b>	<b>55,473</b>	<b>45,423</b>
Payables and accruals	60,222	75,420
Borrowings (secured)	12,297	9,869
<b>Total Current Liabilities</b>	<b>72,519</b>	<b>85,289</b>
<b>TOTAL LIABILITIES</b>	<b>127,992</b>	<b>130,712</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>657,414</b>	<b>651,233</b>
<b>Net assets per share attributable to owners of the parent (1) (RM)</b>	<b>1.29</b>	<b>1.27</b>

Note:

(1) computed based on the net assets of the Group divided by 409,906 thousands as at 30 June 2011 and 31 December 2010 respectively.



## MASTERSKILL EDUCATION GROUP BERHAD

(Company No. 746920-M)

(Incorporated in Malaysia)

### CONDENSED CONSOLIDATED STATEMENT

OF CHANGES IN EQUITY FOR THE

QUARTER ENDED 30 JUNE 2011

(The figures have not been audited)

← Equity Attributable to Owners of the Company →

	Non-distributable			Distributable	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Fair Value Reserve RM'000	Retained Earnings RM'000	
<b>Balance as at 1 January 2010 (audited)</b>	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 to owners of the Company	-	-	-	(28,693)	(28,693)
Total comprehensive income for the year	-	-	-	102,143	102,143
<b>Balance as at 31 December 2010 / 1 January 2011 (audited)</b>	81,981	144,225	-	294,315	520,521
Fair value of available-for-sale financial assets	-	-	7,117	-	7,117
Total other comprehensive income for the period	81,981	144,225	7,117	294,315	527,638
Profit for the period	-	-	-	34,166	34,166
Total comprehensive income for the period	81,981	144,225	7,117	328,481	561,804
Dividend to owners of the Company	-	-	-	(32,382)	(32,382)
<b>Balance as at 30 June 2011</b>	<b>81,981</b>	<b>144,225</b>	<b>7,117</b>	<b>296,099</b>	<b>529,422</b>

	Non-distributable			Distributable	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Fair Value Reserve RM'000	Retained Earnings RM'000	
<b>Balance as at 1 January 2009 (audited)</b>	70,635	1,124	-	123,483	195,242
Total comprehensive income for the year (audited)	-	-	-	97,382	97,382
<b>Balance as at 31 December 2009/1 January 2010 (audited)</b>	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)
Total comprehensive income for the period	-	-	-	49,113	49,113
<b>Balance as at 30 June 2010</b>	<b>81,981</b>	<b>144,225</b>	<b>-</b>	<b>269,978</b>	<b>496,184</b>



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

**CONDENSED CONSOLIDATED STATEMENT  
 OF CASH FLOWS FOR THE QUARTER ENDED  
 30 JUNE 2011**  
 (The figures have not been audited)

	As at 30-Jun-11 (Unaudited) (RM'000)	As at 30-Jun-10 (Unaudited) (RM'000)
<b>Cash flows from operating activities</b>		
Profit before tax	35,444	57,777
Adjustments for:		
Depreciation of property, plant and equipment	11,726	7,762
Interest expense	1,703	645
Interest income	(2,326)	(936)
Gain on disposal of property, plant and equipment	(3)	-
<b>Operating profit before changes in working capital</b>	46,544	65,248
Change in receivables, deposits and prepayments	14,019	12,933
Change in payables and accruals	(15,199)	(9,587)
Cash generated from operating activities	45,364	68,594
Income tax paid	(9,254)	(7,650)
Interest paid	(1,703)	(645)
Interest received	2,326	936
<b>Net cash generated from operating activities</b>	<b>36,733</b>	<b>61,235</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries	(49)	-
Acquisition of other investments	(3,054)	-
Pledged deposits placed with licensed banks	266	(6)
Acquisition of property, plant and equipment	(27,965)	(32,471)
Proceeds from disposal of property, plant and equipment	3	-
<b>Net cash used in investing activities</b>	<b>(30,799)</b>	<b>(32,477)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of ordinary shares	-	141,562
Proceeds from loans or borrowings	18,600	-
Repayment of borrowings	(3,289)	(2,145)
Repayment of finance lease liabilities	(1,413)	(961)
Dividend paid to owners of the Company	(32,382)	-
<b>Net cash (used in) / generated from financing activities</b>	<b>(18,484)</b>	<b>138,456</b>
Net (decrease) / increase in cash and cash equivalents	(12,550)	167,214
Cash and cash equivalents at 1 January	143,825	52,747
<b>Cash and cash equivalents at end of reporting period</b>	<b>131,275</b>	<b>219,961</b>



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

**CONDENSED CONSOLIDATED STATEMENT  
OF CASH FLOWS FOR THE QUARTER ENDED  
30 JUNE 2011**  
**(The figures have not been audited)**

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i) Cash and cash equivalents

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

	<b>As at 30-Jun-11 (Unaudited) (RM'000)</b>	<b>As at 30-Jun-10 (Unaudited) (RM'000)</b>
Deposits placed with licensed banks	91,796	213,883
Cash and bank balances	40,285	6,832
	<hr/>	<hr/>
Cash and cash equivalents	132,081	220,715
Less: Deposits pledged with licensed banks	(806)	(754)
	<hr/>	<hr/>
Cash and cash equivalents	131,275	219,961



## **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 do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements for the financial year ended 31 December 2010.

#### **2. Accounting Policies**

The accounting policies adopted by the Group in these condensed consolidated financial statements are consistent with those adopted in the Group's consolidated audited financial statements for the financial year ended 31 December 2010.

#### **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**

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities for the current financial period-to-date.

#### **7. Dividends Paid**

A Final Single Tier Dividend of 7.9 sen per ordinary share of RM0.20 in respect of financial year ending 31 December 2010 has been paid on 15 June 2011 to the holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 16 May 2011.



**MASTERSKILL EDUCATION GROUP BERHAD**

(Company No. 746920-M)

(Incorporated in Malaysia)

**(A) EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134**

**8. Operating Segment**

	<b>University Colleges RM'000</b>	<b>Colleges RM'000</b>	<b>Total RM'000</b>
<b>30.6.2011</b>			
Revenue from external customers	55,263	84,192	139,455
=====			
Interest income	967	-	967
Interest expense	(1,703)	-	(1,703)
Depreciation of property, plant and equipment	(5,880)	(5,846)	(11,726)
Reportable segment profit before tax	654	33,963	34,617
Segment (loss) / profit for the period	(632)	33,963	33,331
 <u>Other information:</u>			
Additions to non-current assets	2,355	13,900	16,255
Segment assets	335,245	180,345	515,590
Segment liabilities	(126,093)	(387)	(126,480)
 <b>30.6.2010</b>			
Revenue from external customers	77,438	76,699	154,137
=====			
Interest income	760	-	760
Interest expense	(645)	-	(645)
Depreciation of property, plant and equipment	(4,302)	(3,460)	(7,762)
Reportable segment profit before tax	13,499	43,495	56,994
Segment profit for the period	4,834	43,495	48,329
 <u>Other information:</u>			
Additions to non-current assets	11,978	21,045	33,023
Segment assets	303,208	102,902	406,110
Segment liabilities	(94,489)	(537)	(95,026)



**MASTERSKILL EDUCATION GROUP BERHAD**

(Company No. 746920-M)

(Incorporated in Malaysia)

**(A) EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134**

**8. Operating Segment (continued)**

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	<b>30.6.2011</b>	<b>30.6.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Profit or loss</b>		
Total profit or loss for reportable segments	34,617	56,994
Other non reportable segments	827	783
	<hr/>	<hr/>
Consolidated profit before tax	35,444	57,777
	=====	=====
	<b>30.6.2011</b>	<b>30.6.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>		
Total assets for reportable segments	515,590	406,110
Other non reportable segments	238,709	229,512
Elimination of inter-segment	(96,885)	(42,435)
	<hr/>	<hr/>
Consolidated total assets	657,414	593,187
	=====	=====
	<b>30.6.2011</b>	<b>30.6.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Liabilities</b>		
Total liabilities for reportable segments	(126,480)	(95,026)
Other non reportable segments	(1,512)	(1,978)
	<hr/>	<hr/>
Consolidated total liabilities	(127,992)	(97,004)
	=====	=====





**MASTERSKILL EDUCATION GROUP BERHAD**

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

**(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 as at 30 June 2011 except for the following:-

**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**

Consent Order had been obtained on 10.8.2011 whereby Soh Kok Chuan had withdrawn his claim against Masterskill (M) Sdn Bhd without any liberty to file afresh and Soh Kok Chuan does not have any rights towards the Auditorium owned by Masterskill (M) Sdn Bhd.

**B. Contingent Assets**

There were no material contingent assets as at 30 June 2011.

**12. Commitments on Capital Expenditure**

The capital commitments of the Group as at 30 June 2011 are as follow:

	<b>As at 30.6.2011 (unaudited) RM'000</b>	<b>As at 31.12.2010 (audited) RM'000</b>
Capital commitments		
Property, plant and equipment		
Contracted but not provided for	48,462	56,622
Authorised but not contracted for	-	-
	-----	-----
	48,462	56,622
	=====	=====



**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 30.6.2011 RM'000	Balances due from/(to) as at 30.6.2011 RM'000
<b>With a Director</b>		
Rental expense for premises	168 ====	- ===

**14. Qualification of Preceding Audited Financial Statements**

There was no qualification to the preceding audited financial statements for the financial year ended 31 December 2010.

**15. Disclosure of Realised and Unrealised Profits**

	30.6.2011 RM'000	31.12.2010 RM'000
Total retained earnings of Masterskill Education Group Berhad and its subsidiaries		
- Realised	287,715	284,511
- Unrealised	8,384	9,804
	-----	-----
Total	296,099 =====	294,315 =====



## **MASTERSKILL EDUCATION GROUP BERHAD**

(Company No. 746920-M)

(Incorporated in Malaysia)

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

#### **1. Review of Performance**

For the second quarter ended 30 June 2011, Masterskill Education Group Bhd (MEGB) achieved a revenue and profit before tax of approximately RM65.8 million and RM10.6 million respectively, which were lower than the results for the same period of the preceding year.

This decrease can be largely attributed to lower student enrolment in the reporting period, due to the late announcement of Sijil Pelajaran Malaysia (SPM) results in March 2011 and the Ministry of Higher Education's decision to align the academic term for local institutions of higher learning (IPTs) with that of universities abroad by moving the intake commencement date from June/July to September. Operating overheads were higher mainly due to an increase in depreciation because of company's expansion plans. Staff costs also increased in accordance with this growth momentum.

#### **2. Comparison with Preceding Year's Corresponding Quarter Results**

The Group's reported revenue of RM65.8 million was a 14.7% decrease from the RM77.1 million recorded for the same period in 2010. The second quarter's Profit After Tax (PAT) was also lower by 48.4% at RM11.6 million compared with the corresponding period of the last fiscal year.

Revenue and profits were impacted by higher operating overheads due to the company's growth and on-going expansion plans, which also resulted in a corresponding increase in depreciation and staff costs.

#### **3. Commentary on Prospects**

Despite a tough business environment, MEGB has managed to turn in a positive second quarter performance. We continue to maintain a healthy balance sheet with strong cash-in-hand of RM132.1 million, which has helped ensure the smooth progress of our expansion plans.

With the inflation rate reportedly reaching a high of 3.5% in June 2011 and lower forecasted GDP growth of 5.0% in 2011, we foresee even more challenging times ahead. While Malaysia will still be able to maintain its competitive edge as an education hub for the region, global economic uncertainties will pose significant challenges.

The changes towards PTPTN's loan scheme effective 1 June 2011 will not have an impact on the existing students in which the loans have been approved, however it will have an impact on the Group's revenue in the future. PTPTN has changed the maximum value of its loan from RM60,000 to RM45,000 made available for each eligible diploma student. In tandem Masterskill has reduced its tuition fees for its diploma programmes to average of RM50,000 beginning July 2011 intake. The increased in minimum entry requirement for the diploma in nursing programme from 3 credits to 5 credits at the Sijil Pelajaran Malaysia (SPM) level has impacted the number of students joining the programme.



**MASTERSKILL EDUCATION GROUP BERHAD**

(Company No. 746920-M)

(Incorporated in Malaysia)

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

**3. Commentary on Prospects (continued)**

Strategies for Growth

With our ever-growing range of courses and programmes, Masterskill continues to be an attractive option for many local students. Underscoring our reputation as the market leader in the provision of nursing and allied health education in the country, we are committed to ensuring that market challenges will not deter our growth plans.

Our long-term expansion is well on track, and is anticipated to fulfill future student demand for the next few years. Since the IPO, we have successfully expanded our Kota Bharu campus as well as opened a new Kuching campus and dedicated medical campus in Johor. The Kota Kinabalu campus expansion will be completed by end 2011. Progress on the much-anticipated concept campus in Bandar Baru Bangi is also underway. Once completed, it will offer full programme courses in nursing and allied health sciences. On product mix strategy, the Business School will commence operations with its first student intake in 2012.

Moving forward, we continue to focus on three core areas of growth, namely student population, course and curriculum offerings and campus expansion. In addition, we have also developed new business opportunities in other areas. As an example, we recently entered into an agreement with the British Council whereby we can now register candidates for the International English Language Testing System (IELTS) at Masterskill centres. A new wholly-owned subsidiary, Masterskill Gerontology Sdn Bhd, was also incorporated in July 2011. The company will be involved in managing and operating gerontology centres or nursing homes for the elderly. Masterskill will continuously monitor the academic performance of the university college to ensure high quality programmes as well as student output based on industry needs.

Overall, MEGB remains fundamentally strong and well positioned to pursue growth opportunities and forge ahead with our long-term expansion plans. The Directors are confident of achieving satisfactory results for the full financial year of 2011.

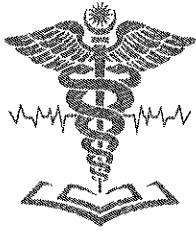
**4. Variance on Profit Forecast /Profit Guarantee**

The Group has not issued any profit forecast or profit guarantee for the current quarter under review.

**5. Taxation**

	Quarter ended		Cumulative to date	
	30.6.2011	30.6.2010	30.6.2011	30.6.2010
	RM'000	RM'000	RM'000	RM'000
Income and deferred tax	(1,012)	3,293	1,278	8,664
	=====	=====	=====	=====

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.



**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)**

**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**

The investment in quoted securities as at 30 June 2011:

	RM'000
At cost	3,054
At carrying value	10,171
At market value	10,171

**8. Status of Corporate Proposals**

As at 30 June 2011, 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**

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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 30 June 2011.

Borrowings (secured)	As at 30.6.2011 (unaudited) RM'000	As at 31.12.2010 (audited) RM'000
<b>Non-current</b>		
Finance lease liabilities	6,260	7,771
Secured revolving credit (Islamic)	2,213	3,274
Secured term loan (Islamic)	38,616	24,574
	-----	-----
	47,089	35,619
	-----	-----
<b>Current</b>		
Finance lease liabilities	2,760	2,662
Secured revolving credit (Islamic)	2,158	2,165
Secured term loan (Islamic)	7,379	5,042
	-----	-----
	12,297	9,869
	-----	-----
	59,386	45,488
	=====	=====

**10. Off Balance Sheet Financial Instruments**

There were no financial instruments with off balance sheet risk as at 30 June 2011.



## **MASTERSKILL EDUCATION GROUP BERHAD**

(Company No. 746920-M)

(Incorporated in Malaysia)

### **(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 fixed this matter for Case Management on 5.10.2011 and Trial on 23.1.2012, 24.1.2012 and 25.1.2012 for Masterskill's case against the Second, Third & Fourth Defendant. Case against the First and Fifth Defendant have been settled by a Consent Judgment dated 14.7.2009.

##### **B. Kuala Lumpur High Court Suit No. S-23-41-2010**

**Masterskill (M) Sdn Bhd -v- Sistem Televisyen Malaysia Berhad ("STMB")**

- The High Court has on 28.4.2011 held that Masterskill (the Plaintiff) had successfully proven that STMB (the Defendant) during the TV3 Buletin Utama defamed Masterskill (the Plaintiff) by showing visuals of the college of Masterskill (the Plaintiff) while narrating 60 colleges had been deregistered even though this news had nothing to do with Masterskill group. The High Court found STMB (the Defendant) liable for defamation and awarded damages of RM200,000.00 and costs of RM50,000.00 to Masterskill (the Plaintiff).
- Masterskill's Solicitors have on 12.5.2011 received from the STMB's Solicitors the Notice of Appeal dated 12.5.2011 against the Decision made by the High Court on 28.4.2011. Masterskill has on 23.5.2011 filed a cross appeal on the quantum of damages awarded in order to enhance and increase the quantum from RM200,000.00 to RM100,000,000.00.

##### **C. 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**

- Consent Order had been obtained on 10.8.2011 whereby Soh Kok Chuan had withdrawn his claim against Masterskill (M) Sdn Bhd without any liberty to file afresh and Soh Kok Chuan does not have any rights towards the Auditorium owned by Masterskill (M) Sdn Bhd.



**MASTERSKILL EDUCATION GROUP BERHAD**

(Company No. 746920-M)

(Incorporated in Malaysia)

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

**12. Dividends**

A Final Single Tier Dividend of 7.9 sen per ordinary share of RM0.20 in respect of financial year ended 31 December 2010 has been paid on 15 June 2011 to the holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 16 May 2011. No dividend was proposed for this quarter.

**13. Earnings per Share**

**Basic earnings per ordinary share**

The basic earnings per ordinary share of RM0.08 (30.6.2010 – RM0.23) is calculated based on the net profit attributable to ordinary shareholders of RM34,166,000 (30.6.2010 – RM49,113,000) and the weighted average number of ordinary shares in issue during the quarter 409,906,000 (30.6.2010 – 213,103,000).

	Quarter ended		Cumulative to date	
	30.6.2011	30.6.2010	30.6.2011	30.6.2010
Profit for the period attributable to ordinary equity shareholders (RM'000)	11,577 =====	22,430 =====	34,166 =====	49,113 =====
Weighted average number of ordinary shares at 30 June ('000)	409,906	100	409,906	100
Effects of conversion of Irredeemable convertible preference shares to ordinary shares ('000)	-	40,301	-	40,301
Effects of share split during the period ('000)	-	161,603	-	161,603
Effects of issuance of new ordinary shares during the period (000)	-	11,099	-	11,099
Weighted average number of ordinary shares at 30 June ('000)	409,906 =====	213,103 =====	409,906 =====	213,103 =====
Basic earnings per ordinary share (RM)	0.03 =====	0.11 =====	0.08 =====	0.23 =====





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**13. Earnings per Share (continued)**

**Diluted earnings per ordinary share**

The calculation of diluted earnings per ordinary shares at 30 June 2011 is based on profit attributable to ordinary shareholders of RM34,166,000 (30.6.2010 – RM49,113,000) 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	
	30.6.2011	30.6.2010	30.6.2011	30.6.2010
Profit for the period attributable to ordinary equity shareholders (RM'000)	11,577 =====	22,430 =====	34,166 =====	49,113 =====
Weighted average number of ordinary shares (diluted) at 30 June ('000)	409,906	368,906	409,906	368,906
Effects of issuance of new ordinary shares during the period (000)	-	11,099	-	11,099
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Weighted average number of ordinary shares (diluted) at 30 June (000)	409,906 =====	380,005 =====	409,906 =====	380,005 =====
Diluted earnings per ordinary share (RM)	0.03 =====	0.06 =====	0.08 =====	0.13 =====

**BY ORDER OF THE BOARD**