



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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
 FOR THE QUARTER ENDED 31 MARCH 2012 - UNAUDITED**

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2012 (RM'000)	31.03.2011 (RM'000)	31.03.2012 (RM'000)	31.03.2011 (RM'000)
Revenue	44,109	73,684	44,109	73,684
Cost of sales	(26,417)	(27,536)	(26,417)	(27,536)
<b>Gross profit</b>	<b>17,692</b>	<b>46,148</b>	<b>17,692</b>	<b>46,148</b>
Operating expenses	(22,299)	(21,514)	(22,299)	(21,514)
Other operating income	14	61	14	61
Interest expense	(716)	(884)	(716)	(884)
Interest income	937	1,068	937	1,068
<b>(Loss) / Profit before taxation</b>	<b>(4,372)</b>	<b>24,879</b>	<b>(4,372)</b>	<b>24,879</b>
Income tax expense	1,451	(2,290)	1,451	(2,290)
<b>(Loss) / Profit for the period attributable to owners of the Company</b>	<b>(2,921)</b>	<b>22,589</b>	<b>(2,921)</b>	<b>22,589</b>
Other comprehensive Income, net of tax Fair value of available-for-sale financial assets	4,278	-	4,278	-
<b>Total comprehensive (expense) / income for the period attributable to owners of the Company</b>	<b>1,357</b>	<b>22,589</b>	<b>1,357</b>	<b>22,589</b>
Basic earnings per ordinary share (Sen)	(0.71)	6.00	(0.71)	6.00
Diluted earnings per ordinary share (Sen)	(0.71)	6.00	(0.71)	6.00

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the annual financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.



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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 AS AT 31 MARCH 2012 - UNAUDITED**

	As at 31-Mar-12 Unaudited (RM'000)	As at 31-Dec-11 Audited (RM'000)
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	332,833	335,394
Intangible assets	42,286	42,286
Other investments	14,488	10,210
<b>Total Non-Current Assets</b>	<b>389,607</b>	<b>387,890</b>
<b>CURRENT ASSETS</b>		
Receivables, deposits and prepayments	65,294	125,669
Current tax asset	17,719	17,775
Cash and cash equivalents	152,629	110,586
<b>Total Current Assets</b>	<b>235,642</b>	<b>253,920</b>
<b>TOTAL ASSETS</b>	<b>625,249</b>	<b>641,810</b>
<b>EQUITY</b>		
Share capital	81,981	81,981
Share premium	144,225	144,225
Reserves	285,716	290,098
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>511,922</b>	<b>516,304</b>
<b>LIABILITIES</b>		
Borrowings (secured)	40,292	43,312
Deferred tax liabilities	6,013	7,666
<b>Total Non-Current Liabilities</b>	<b>46,305</b>	<b>50,978</b>
Payables and accruals	51,177	63,664
Borrowings (secured)	15,845	10,864
<b>Total Current Liabilities</b>	<b>67,022</b>	<b>74,528</b>
<b>TOTAL LIABILITIES</b>	<b>113,327</b>	<b>125,506</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>625,249</b>	<b>641,810</b>
<b>Net assets per share attributable to ordinary equity holders of the parent (1) (RM)</b>	<b>1.25</b>	<b>1.26</b>

Note:

(1) computed based on the net assets of the Group divided by 409,905,780 as at 31 March 2012 and 31 December 2011 respectively.

The condensed consolidated statement of financial position should be read in conjunction with the annual financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.



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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE QUARTER ENDED 31 MARCH 2012 - UNAUDITED**

← 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	
Balance as at 1 January 2011 (audited)	81,981	144,225	-	294,315	520,521
Fair value of available-for-sale financial assets	-	-	7,158	-	7,158
Profit for the year	-	-	-	38,144	38,144
Dividends to owners of the Company	-	-	-	(49,517)	(49,517)
Balance as at 31 December 2011 / 1 January 2012 (audited)	81,981	144,225	7,158	282,942	516,304
Fair value of available-for-sale financial assets	-	-	4,278	-	4,278
Loss for the period	-	-	-	(2,921)	(2,921)
Dividends to owners of the Company	-	-	-	(5,739)	(5,739)
Balance as at 31 March 2012	81,981	144,225	11,434	274,282	511,922

	Non-distributable			Distributable	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Fair Value Reserve RM'000	Retained Earnings RM'000	
Balance as at 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)
Profit for the year	-	-	-	102,143	102,143
Dividends to owners of the Company	-	-	-	(28,693)	(28,693)
Balance as at 31 December 2010/1 January 2011 (audited)	81,981	144,225	-	294,315	520,521
Profit for the period	-	-	-	22,589	22,589
Balance as at 31 March 2011	81,981	144,225	-	316,904	543,110

The condensed consolidated statement of changes in equity should be read in conjunction with the annual financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.



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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
 FOR THE QUARTER ENDED 31 MARCH 2012 - UNAUDITED**

	As at 31-Mar-12 (Unaudited) (RM'000)	As at 31-Mar-11 (Unaudited) (RM'000)
<b>Cash flows from operating activities</b>		
(Loss) / Profit before taxation	(4,372)	24,879
Adjustments for:		
Depreciation	6,226	5,702
Interest expense	716	884
Interest income	(937)	(1,068)
Loss / (Gain) on disposal of property, plant and equipment	470	(3)
Operating profit before working capital changes	2,103	30,394
Changes in working capital:		
Receivables, deposits and prepayments	60,265	62,470
Payables and accruals	(12,487)	(16,399)
Cash generated from operating activities	49,881	76,465
Income tax paid	(146)	(4,630)
Interest paid	(716)	(884)
Interest received	937	1,068
<b>Net cash generated from operating activities</b>	<b>49,956</b>	<b>72,019</b>
<b>Cash flows from investing activities</b>		
Investment in subsidiaries	-	(49)
Pledged deposits placed with licensed banks	-	(9)
Purchase of property, plant and equipment	(4,192)	(15,808)
Proceeds from disposal of property, plant and equipment	57	3
<b>Net cash used in investing activities</b>	<b>(4,135)</b>	<b>(15,863)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	5,000	18,600
Repayment of borrowings	(1,889)	(1,431)
Dividend paid	(5,739)	-
Repayment of finance lease liabilities	(1,150)	(700)
<b>Net cash (used in) / generated from financing activities</b>	<b>(3,778)</b>	<b>16,469</b>
Net increase in cash and cash equivalents	42,043	72,625
Cash and cash equivalents at 1 January	109,735	143,825
<b>Cash and cash equivalents at end of reporting period</b>	<b>151,778</b>	<b>216,450</b>

The condensed consolidated statement of cash flows should be read in conjunction with the annual financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the Interim financial statements.



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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE QUARTER ENDED 31 MARCH 2012 - UNAUDITED**

i) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	As at 31-Mar-12 (Unaudited) (RM'000)	As at 31-Mar-11 (Unaudited) (RM'000)
Deposits placed with licensed banks	145,211	91,390
Cash and bank balances	7,418	126,141
Cash and cash equivalents	152,629	217,531
Less: Deposits pledged with licensed banks	(851)	(1,081)
Cash and cash equivalents	151,778	216,450

The condensed consolidated statement of cash flows should be read in conjunction with the annual financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the Interim financial statements.



**MASTERSKILL EDUCATION GROUP BERHAD**

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**1. Basis of Preparation**

These condensed consolidated interim financial statements have been prepared in accordance with applicable disclosure provisions of Main Market Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*.

These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2011.

These are the Group's condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS1, First-time Adoption of Malaysian Financial Reporting Standards has been applied. The adoption of MFRS1 has no impact in the reported financial position and financial performance of the Group.

**2. Accounting Policies**

The accounting policies adopted by the Group in these condensed consolidated interim financial statements are consistent with those adopted by the Group's in its consolidated audited financial statements for the financial year ended 31 December 2011.

**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.



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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**7. Operating Segment**

	University Colleges RM'000	Colleges RM'000	Total RM'000
<b>31.3.2012</b>			
<b>Segment (loss)/profit before tax</b>	<b>(8,694)</b>	<b>3,784</b>	<b>(4,910)</b>
Included in the measure of segment (loss)/profit are:			
Revenue from external customers	14,865	29,227	44,092
Interest income	264	-	264
Interest expense	(419)	(297)	(716)
Depreciation of property, plant and equipment	(2,968)	(3,258)	(6,226)
<b>Segment assets</b>	<b>293,871</b>	<b>192,449</b>	<b>486,320</b>
Included in the measure of segment assets are:			
Additions to non-current assets other than financial instruments and deferred tax assets	(1,754)	18,285	16,531
<b>Segment liabilities</b>	<b>(112,430)</b>	<b>(375)</b>	<b>(112,805)</b>
<b>31.3.2011</b>			
<b>Segment profit before tax</b>	<b>2,931</b>	<b>20,912</b>	<b>23,843</b>
Included in the measure of segment profit are:			
Revenue from external customers	29,980	43,701	73,681
Interest income	400	-	400
Interest expense	(884)	-	(884)
Depreciation of property, plant and equipment	(2,870)	(2,821)	(5,691)
<b>Segment assets</b>	<b>361,414</b>	<b>174,169</b>	<b>535,583</b>
Included in the measure of segment assets are:			
Additions to non-current assets other than financial instruments and deferred tax assets	4,795	10,547	15,342
<b>Segment liabilities</b>	<b>(123,069)</b>	<b>(5,627)</b>	<b>(128,696)</b>



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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**7. Operating Segment (continued)**

Reconciliations of reportable segment profit or loss, revenue, assets, liabilities and other material items

	<b>31.3.2012</b>	<b>31.3.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Profit or loss</b>		
Total (loss)/profit for reportable segments	(4,910)	23,843
Other non-reportable segments	274	636
Interest income	264	400
<b>Consolidated (loss)/profit before tax</b>	<b>(4,372)</b>	<b>24,879</b>
<b>Revenue</b>		
Total revenue for reportable segments	44,092	73,681
Other non-reportable segments	17	3
<b>Consolidated revenue</b>	<b>44,109</b>	<b>73,684</b>
<b>Interest Income</b>		
Total interest income for reportable segments	264	400
Other non-reportable segments	673	668
<b>Consolidated total interest income</b>	<b>937</b>	<b>1,068</b>
<b>Assets</b>		
Total assets for reportable segments	486,320	535,583
Other non-reportable segments	246,742	231,350
Elimination of inter-segment	(107,813)	(93,564)
<b>Consolidated total assets</b>	<b>625,249</b>	<b>673,369</b>
<b>Liabilities</b>		
Total liabilities for reportable segments	(112,805)	(128,696)
Other non-reportable segments	(522)	(1,563)
<b>Consolidated total liabilities</b>	<b>(113,327)</b>	<b>(130,259)</b>





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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**8. Material Subsequent Events**

There were no material subsequent events as of the date of this report.

**9. Changes in the Composition of the Group**

There were no changes in the composition of the Group as at 31 March 2012.

**10. Changes in Contingent Liabilities and Contingent Assets**

There were no material contingent liabilities or contingent assets as at 31 March 2012.

**11. Commitments on Capital Expenditure**

The capital commitments of the Group as at 31 March 2012 are as follow:

	As at 31.3.2012 (unaudited) RM'000	As at 31.12.2011 (audited) RM'000
Capital commitments		
Property, plant and equipment		
Contracted but not provided for	48,467	54,091

**12. Related Party Transactions**

Related parties are those defined under MFRS 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 Value 3 months ended		Balance outstanding as at	
	31.3.2012 RM'000	31.3.2011 RM'000	31.3.2012 RM'000	31.3.2011 RM'000
<b>With a Director</b>				
Rental expense for premises	84	84	-	-



## **MASTERSKILL EDUCATION GROUP BERHAD**

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

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

#### **13. Review of Performance**

For the first quarter ended 31 March 2012, Masterskill Education Group Bhd (MEGB) recorded a revenue and loss before tax of approximately RM44.1 million and RM4.4 million respectively, which were lower than the results for the same period of the preceding year.

The loss can be largely attributed to lower student enrolment in the reporting period due to high level of competition in the market. At the same time the higher entry requirement by the Malaysian Nursing Board for the students signing up for the nursing programmes has negatively impacted student enrollment. The increase in the ratio for teaching staff to students in line with the Malaysian Qualification Agency (MQA) requirement with programme standard in which the ratio is 1:20 for the science programmes instead of 1:30 previously has also led to higher staff cost. These factors in general have led to the loss for the reporting quarter.

#### **14. Comparison with Preceding Quarter's Results**

The Group's reported revenue of RM44.1 million which is a 10.9% decrease from RM49.5 million achieved in 4Q 2011. The decrease in revenue had resulted a loss after tax of RM2.9 million compared with preceding quarter loss after tax of RM1.6 million.

Loss 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. The lower student enrollment has also contributed to lower revenue.

#### **15. Commentary on Prospects**

MEGB reported a loss after tax of RM2.9 million for first quarter 2012 due to lower active students number. We continue to maintain a healthy balance sheet with strong unencumbered cash and bank balances of RM151.8 million, which has helped ensure the smooth progress of our expansion plans.

With lower forecasted GDP growth of 4.5% in 2012, we foresee 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. There is also a higher level of competition with more universities and colleges offering nursing and allied health programmes in recent years.

Moving forward, Masterskill will continue to pursue growth in the domestic and international market to realize its long term growth strategy. The international market expansion will be conducted via franchising as well as through strategic collaboration. MEGB was awarded the franchise license by the Ministry of Domestic Trade, Cooperatives and Consumerism on 10 January 2012 to conduct franchising.



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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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

MEGB is in the midst of discussion with educational entities in Cambodia, Myanmar and Indonesia on Masterskill University College franchising its programmes in these countries. At the same time Masterskill is confident of being the local partner in setting up the RMIT University branch campus in Malaysia. A high level discussion has been held between both parties and numerous collaborative options were discussed between Masterskill and RMIT University. Masterskill is also in discussion with Southern Institute of Technology (SIT) New Zealand in offering dual awards of certificates, diplomas and degrees from both SIT and Masterskill. Under the working collaboration, SIT will deliver the quality assurance and moderation whilst Masterskill endeavours to customize SIT's curricula to be delivered at Masterskill campuses nationwide in accordance to MQA and Ministry of Higher Education requirements.

On the domestic front, Masterskill will focus on degree programmes in which there is a higher demand and revenue orientation instead of diploma programmes. Under the business diversification strategy, we will realign offerings from the medical and health science programmes into business, hospitality and tourism programmes.

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

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

**17. Taxation**

	Quarter ended		Cumulative to date	
	31.3.2012	31.3.2011	31.3.2012	31.3.2011
	RM'000	RM'000	RM'000	RM'000
Income and deferred tax	(1,451)	2,290	(1,451)	2,290

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**  
 (Company No. 748920-M)  
 (Incorporated in Malaysia)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**18. Status of Corporate Proposals**

As at 31 March 2012, the gross proceeds of RM147,634,900 arising from the Public Issue was partially utilised in the following manner:

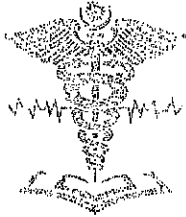
Purpose	Proposed utilisation	Re-allocation	Revised Proposed utilisation	Actual utilisation	Deviation	
	RM'000	RM'000	RM'000	RM'000	RM'000	%
Purchase of land and construction of buildings	115,000	* (76,971)	38,029	39,654	(1,625)	(4.3)
Campus expansion	20,000	-	20,000	20,000	-	-
Working capital	3,000	* 76,971	79,971	3,000	76,971	96.2
Listing expenses	5,500	-	5,500	8,010	(2,510)	(45.6)
	<b>143,500</b>	<b>-</b>	<b>143,500</b>	<b>70,664</b>	<b>(72,836)</b>	<b>50.8</b>

\* With reference to the Company's announcement dated 18 May 2012, the Board of Directors of MEGB has decided to defer the construction of buildings for the proposed main campus for the time being and subsequently reallocated the unutilised amount to working capital pursuant to Section 4.13 of the Prospectus of the Company dated 26 April 2010, which stipulates that 80.2% of the gross proceeds arising from the Public Issue are expected to be fully utilised for the purchase of the land and buildings within a period of twenty-four (24) months or be reallocated for use as working capital thereafter.

**19. Group Borrowings and Debt Securities**

Save as disclosed below, there were no other borrowings or debt securities in the Group as at 31 March 2012.

Borrowings (secured)	As at	As at
	31.3.2012 (unaudited) RM'000	31.12.2011 (audited) RM'000
<b>Non-current</b>		
Finance lease liabilities	3,437	4,497
Secured revolving credit (Islamic)	622	1,152
Secured term loan (Islamic)	36,233	37,663
	<b>40,292</b>	<b>43,312</b>
<b>Current</b>		
Finance lease liabilities	2,967	3,058
Secured revolving credit (Islamic)	7,185	2,150
Secured term loan (Islamic)	5,693	5,656
	<b>15,845</b>	<b>10,864</b>
	<b>56,137</b>	<b>54,176</b>



**MASTERSKILL EDUCATION GROUP BERHAD**

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**20. 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)

- Pursuant to the Case Management on 09.05.2012, the High Court has fixed this matter for further Case Management on 01.08.2012 and it is pending for the outcome of the Appeals at the Court of Appeal.

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

- The High Court on 28.04.2011 allowed the Plaintiff's claim with damages of RM200,000 and RM50,000 as costs.
- TV3 filed an Appeal to the Court of Appeal against the High Court decision and Masterskill filed a Cross Appeal to increase the quantum of damages to RM100,000,000.
- Awaiting the Hearing date from the Court of Appeal.

**21. Dividends**

- a) The Board of Directors declared a first Interim Single Tier Dividend of 14.64 sen per ordinary share totaling RM60.01 million for financial year ending 31 December 2012.
- b) A second Interim single tier dividend was declared by the Directors on 28 February 2012 in respect of the financial year ended 31 December 2011 of 1.40 sen per share totaling RM5,739,000 and was paid on 9 April 2012.

	Sen	Total	Date of payment
	Per Share	RM'000	
Second Interim Single Tier 2011 ordinary	1.40	<u>5,739</u>	9 April 2012



**MASTERSKILL EDUCATION GROUP BERHAD**

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**22. Earnings per Share**

**Basic earnings per ordinary share**

The basic earnings per ordinary share is calculated based on the net (loss) / profit attributable to ordinary shareholders of RM2,921,000 (31.3.2011 - RM22,589,000) and the weighted average number of ordinary shares in issue during the quarter 409,905,780 (31.3.2011 - 409,905,780).

	Current Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31.3.2012	31.3.2011	31.3.2012	31.3.2011
(Loss)/Profit for the period attributable to ordinary equity shareholders (RM'000)	(2,921)	22,589	(2,921)	22,589
Weighted average number of ordinary shares at 31 March ('000)	409,906	409,906	409,906	409,906
Basic earnings per ordinary share (Sen)	(0.71)	6.00	(0.71)	6.00

**Diluted earnings per ordinary share**

The calculation of diluted earnings per ordinary shares at 31 March 2012 is based on (loss) / profit attributable to ordinary shareholders of RM2,921,000 (31.3.2011 - RM22,589,000) and the weighted average number of shares outstanding after adjusting for the effects of all dilutive potential ordinary shares, calculated as follows:

	Current Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31.3.2012	31.3.2011	31.3.2012	31.3.2011
(Loss)/Profit for the period attributable to ordinary equity shareholders (RM'000)	(2,921)	22,589	(2,921)	22,589
Weighted average number of ordinary shares (diluted) at 31 March ('000)	409,906	409,906	409,906	409,906
Diluted earnings per ordinary share (Sen)	(0.71)	6.00	(0.71)	6.00



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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**23. Auditors Report on Preceding Annual Financial Statements**

There was no qualification to the preceding audited financial statements for the financial year ended 31 December 2011.

**24. Additional notes to the Statement of Comprehensive Income**

	Current Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31.3.2012	31.3.2011	31.3.2012	31.3.2011
	RM'000	RM'000	RM'000	RM'000
Results from operation activities is arrived at after charging:				
• Depreciation of property, plant and equipment	6,226	5,702	6,226	5,702
• Impairment loss for receivables	2,452	1,902	2,452	1,902
• Interest expense	716	884	716	884
• Loss/(Gain) on disposal of property, plant and equipment	470	(3)	470	(3)
and crediting:				
• Interest income	937	1,068	937	1,068

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

	3 months ended	12 months ended
	31.3.2012	31.12.2011
	RM'000	RM'000
Total retained earnings of Masterskill Education Group Berhad and its subsidiaries		
-Realised	296,754	297,996
-Unrealised	6,013	7,666
Less: Consolidation adjustment	(28,484)	(22,720)
<b>Total</b>	<b>274,283</b>	<b>282,942</b>

**BY ORDER OF THE BOARD**