STAMFORD COLLEGE BERHAD
(Company No. 194977-A)
(Incorporated in Malaysia)

Part A – Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of FRS 134 : Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2005 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2006 annual financial statements. Details of these changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with FRS 134 Interim Financial Reporting requires management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the 2005 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with FRSs.

The financial information relating to financial year ended 31 December 2005 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements other than those that have been restated as a result of the change in accounting policies.

2. Changes in accounting policies

The MASB has issued a total of 18 new and revised Financial Reporting Standards (FRSs, which term collectively includes the MASB's Issue Committee's Interpretations) that are effective for accounting periods beginning on or after 1 January 2006.

The Board of Directors has determined the accounting policies to be adopted in the preparation of the Group's annual financial statements for the year ended 31 December 2006.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2005 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

In addition to the above, the Group has also taken the option of early adoption FRS 117 Leases for the financial period beginning 1 January 2006.

The adoption of FRS 2, 3, 5, 102, 108, 110, 121, 128, 131, 132, 136 and 140 does not have significant financial impact on the Group.

The following sets out further information on the changes in accounting policies for the annual accounting period beginning on 1 January 2006 which have been reflected in this interim financial report.

(a) Leasehold land (FRS 117 Leases)

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The upfront payments made for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over the lease term. Prior to 1 January 2006, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation.

Upon the adoption of the revised FRS 117 at1 January 2006, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions of FRS 117. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and the comparative amounts as at 31 December 2005 has been restated.

In thousands of RM	Previously stated	Restated
At 31 December 2005		
Property, plant and equipment	15,926	7,235
Interest in leasehold land under an operating lease	-	8,691

(b) FRS 138: Intangible Assets

The useful lives of other intangible assets are now assessed at the individual asset level as having either a finite or indefinite life. Prior to 1 January 2006, intangible assets were considered to have a finite useful life and were stated at cost less accumulated amortisation and impairment losses. Under the new FRS 138, some of the intangible assets are regarded to have an indefinite useful life when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. Intangible assets with indefinite useful lives are not amortised but instead, are tested for impairment annually. Other intangible assets of the Group with finite useful lives continue to be stated at cost less accumulated amortisation and impairment losses.

(c) Changes in presentation (FRS 101, Presentation of Financial Statements and FRS 127, Consolidated and Separate Financial Statements) – Minority interests

In prior years, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as deduction from net assets. Minority interests in the results of the Group for the year were also separately presented in the income statement as a deduction before arriving at the profit attributable to shareholders.

With effect from 1 January 2006, in order to comply with FRS 101 and FRS 127, minority interests at the balance sheet date are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity holders of the parent, and minority interests in the results of the Group for the period are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the period between the minority interests and the equity holders of the parent.

The presentation of minority interests in the consolidated balance sheet, income statement and statement of changes in equity for the comparative period has been restated accordingly.

3. Auditors' report on preceding annual financial statements

The audited annual financial statements for the year ended 31 December 2005 were not subject to any qualification.

4. Seasonality of operations

The education segment of the Group's performance is seasonal. There were less courses conducted during this quarter.

5. Unusual items due to their nature, size or incidence

During the second quarter, there was a reversal of an impairment losses of plant and equipment amounting to RM343,000 in a subsidiary. Other than this reversal, there were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter and financial year ended 31 December 2006.

6. Changes in estimates

There were no changes in estimates that had a material effect in the current quarter and financial period-to-date results.

7. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter.

8. Dividends paid

No dividends were paid since the end of the previous financial year.

9. Segment reporting

The Company's primary format for reporting segment information is business segments. The Group is principally engaged in the provision of academic, tertiary and professional courses and trading of assorted steel products.

In thousands of RM	**Education**		**Trading**		**Consolidated**	
For the year ended	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Revenue from external customers	18,598	18,074	4,232	3,952	22,830	22,026
Segment result	(4,341)	(7,348)	13	12	(4,328)	(7,336)
Unallocated expenses					(1,773)	(1,698)
Interest Income					8	188
Finance Costs					(138)	(110)
Share of profit/(losses) of associates					80	(115)
Loss before taxation					(6,151)	(9,071)

The Group operates predominantly in Malaysia and accordingly, information by geographical location on the Group operations is not presented.

10. Property, plant and equipment

(a) Acquisitions and disposals

During the year ended 31 December 2006, the Group acquired items of plant and equipment with a cost of RM355,000 of which RM92,000 was financed through hire purchase (year ended 31 December 2005 : RM623,000). Item of equipment with a net book value of RM70,000 were disposed of during the year ended 31 December 2006 (year ended 31 December 2005 : RM14,000) resulting in a loss on disposal of RM35,000 (year ended 31 December 2005 : gain on disposal of RM44,000).

(b) Valuations of Property, Plant and Equipment

There was no revaluation of property, plant and equipment brought forward from the financial statements for the year ended 31 December 2005. The Group does not adopt a revaluation policy on its property, plant and equipment.

The carrying amounts of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

11. Post balance sheet events

Saved as disclosed below, in the opinion of the Directors, no material events have arisen between the end of the reporting period and 27 February 2007, which is not earlier than 7 days from the date of issuance of this quarterly report, which will substantially affect the results of the Group:

On 31 December 2006, pursuant to an internal reorganization exercise, Stamford Management Centre (KL) Sdn Bhd ("SMCKL"), a wholly-owned subsidiary of the Company, transferred all its business to Stamford College (KL) Sdn. Bhd. (formerly known as Stamford College (Ampang) Sdn. Bhd. ("SCKL"), another wholly-owned subsidiary of the Company for a total transfer price of RM1.('Internal Reorganization"). Subsequent to the Internal Reorganization, SMCKL ceased its business operation which was taken over by SCKL.

The purpose of the Internal Reorganization is to enable the Group to streamline its operations to improve business efficiency. In addition, the Internal Reorganization would enable the group to create a more efficient organisational structure to bring about effective management and cost saving in the overall group administration.

The Internal Reorganization is not expected to have material effect on the Net Assets of the SCB Group for the financial year ending 31 December 2007.

12. Changes in the composition of the Group

On 18 January 2007, Stamford College Berhad ("SCB" or "the Company") disposed of 34,800 ordinary shares of RM1 each representing 30% of its equity interest in Pusat Tuisyen Bersatu Sdn Bhd ("PTBSB") to Dato' Haji Abdul Halim bin Haji Abdul Samad for a cash consideration of RM1 only.("Disposal").

The sale consideration of RM1 was arrived at on "a willing-buyer willing-seller basis" after taking into consideration the deficit in shareholders' funds of RM83,245 of PTBSB as at 31 December 2006.

The disposal had diluted SCB's equity interest in PTBSB from 100% to 70%, thereby rendering PTBSB to become a 70% owned subsidiary of SCB.

The disposal would not have any material effects on the earnings and net assets per share of SCB for the financial year ending 31 December 2007.

The disposal which was in cash, would not have any effect on the share capital and substantial shareholders of SCB.

Other than Dato' Haji Abdul Halim bin Haji Abdul Samad, the Executive Chairman and shareholder of SCB, none of the Directors and/or Substantial Shareholders of SCB or persons connected to them has an interest, direct or indirect, in the Disposal.

The Disposal is part of the Group's strategic plan to provide an opportunity for SCB to joint venture with Bumiputra partners via PTBSB to explore and engage into any viable educational business projects.

The Board, save for Dato' Haji Abdul Halim bin Haji Abdul Ahmad having considered all aspects of the Disposal, is of the opinion that the Disposal is in the best interest of the Company.

13. Contingent Liabilities and Contingent Assets

As at date of this announcement, the company has contingent liabilities amounting to RM5,000,000 in respect of corporate guarantees given to banks to secure general banking facilities for a subsidiary company and also an amount of RM18,000 in respect of corporate guarantees given to financial institutions for hire purchase facilities given to a subsidiary company.

14. Capital Commitments

The amount of commitment for the purchase of property, plant and equipment which was contracted but not provided for in the interim financial statements as at 31 December 2006 is RM6,402,000.

Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

15. Review of Performance

Group revenue for the fourth quarter increased by RM0.981 million or 22% as compared to the corresponding quarter in the previous year. The higher revenue in the current quarter was mainly due to contributions from the trading division of RM2.112 million (3 months ended 31 December 2005 : RM1.577 million).

Group loss before taxation for the quarter was RM3.700 million or 4% lower as compared to the corresponding quarter in the previous year.

For the year ended 31 December 2006, the Group recorded a loss before taxation of RM6.151 million as compared to RM9.071 million in the preceding year corresponding period, representing a 32% improvement in performance. The reduction in loss before taxation was mainly attributed to the reduction in operating expenses.

16. Variation of results against preceding quarter

In thousands of RM	Current Quarter	Immediate Preceding Quarter	Variance RM'000
Revenue	5,414	4,989	425
Loss before taxation	(3,700)	(1,017)	(2,683)

Group revenue relating to education segment for the current quarter decreased by RM1.687 million compared to immediate preceding quarter. The decline of education segment revenue was due to lesser intake and lower student enrolment numbers recorded for the current quarter.

The income from trading activities during current quarter was RM2.112 million (3 months ended 30 September 2006 : Nil).

Lower student enrolment for the current quarter attributed to a higher loss compared to immediate preceding quarter.

17. Prospects for the next financial year ending 31 December 2007

The adverse financial position of the company over the last three years was attributed to general decline in intake numbers caused by a number of factors that affected the industry as a whole. This was exacerbated in Stamford College by the maintenance of centres and courses that were no longer profitable. Centres such as Ampang and Kuching which were established when demographics and transportation routes supported the distribution of centres across the national catchment were no longer attracting students in the viable numbers. They added to operational costs of the business without making positive contributions to the company's business. The management decided last year to reduce the impact of these two centres on the company's finances. Stamford College Ampang merged with the centres in Kuala Lumpur and the licence in Kuching transferred to another party. The consolidation effected by these changes should see a reduction in operational costs. As for loss-making courses, the management decided to terminate the Bachelor of Computer Science that was franchised from Universiti Sains Malaysia in Penang. Enrolments for this course had fallen drastically since 2000 causing a huge gap between the franchise fees payable to the university and fees earned from students.

The reduction in operational costs and expenditure following these changes provides a strong base to develop centres and courses that have the potential to make the business profitable. Based on these changes, the company can expect to see improvement in overall performance in this and coming years. At the same time, changes that were introduced to make the franchise from the American Hotel and Lodging Association (AHLA) more profitable to the company are beginning to show results.

18. Variance on Forecast Profit/Shortfall in Profit Guarantee

Not applicable as the Group did not publish any profit forecast and profit guarantee.

19. Income tax expenses

In thousands of RM	**Three months ended 31 December 2006**	**Year ended 31 December 2006**
Current tax – Malaysian income tax	1	4
Under/(Over) provision of Malaysian income tax in prior years	102	(77)
Deferred tax	(948)	(1,391)
	(845)	(1,464)

The adjustment of tax for year ended 31 December 2006 was due to an over provision of tax in prior year for subsidiaries. The deferred tax was relating to the recognition of a deferred tax benefit, net of reversal of temporary differences in subsidiaries.

20. Unquoted investments and properties

There was no sale of unquoted investments and/or properties for the quarter under review.

21. Quoted Securities

There was no purchase of quoted securities for the quarter under review. There was a disposal of shares in quoted securities during the quarter under review resulting in a gain of RM3,665.

There was no investment in quoted shares at 31 December 2006.

22. Status of corporate proposals announced

There were no corporate proposals announced but not completed on 27 February 2007.

23. Borrowings

In thousands of RM	**At 31 December 2006**
Current (unsecured)	
Bank overdraft	1,107
Hire purchase liabilities	172

	1,279

Non-current (unsecured)	
Hire purchase liabilities	304

The above borrowings are denominated in Ringgit Malaysia.

24. Off Balance Sheet Financial Instruments

As at the reporting date, the Group does not have any off balance sheet financial instruments.

25. Material Litigation

There is a pending suit for a disputed tenancy claim arising out of an early termination of the tenancy agreement for which provision has been made in the previous financial periods and another in respect of advertising charges in which the Company denies liability. The former case is fixed for further case management on 1 August 2007. The court has fixed the trial on 16 to 19 April 2007 on the latter case.

The Kuala Lumpur Sessions Court ("Court") have ordered the Company and a subsidiary to pay to a former student RM36,920 in damages plus costs and interest of 8% per annum from 25/10/2000 until full payment. Accordingly, the Company has prepared payment of

RM58,843.90 in favour of plaintiff pursuant to the Court Order. Nevertheless, our solicitors were of the view that the plaintiff/student has no merits in her claim. The Company had appealed against the said decision. The appeal to the High Court against the decision of the Court is still pending.

In addition, 25 other former students have filed similar suits against the Company and a subsidiary. However, the Company's solicitors were of the view that the Kuala Lumpur Session Court's decision is not binding on them as evidenced by a latest case which came up for decision on 22 November 2006 whereby the Court dismissed another plaintiff's/student's case with cost.

26. Dividend

The Board does not recommend any interim dividend for the financial year ended 31 December 2006 (31 December 2005 : Nil).

27. Loss Per Share

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders for the period by the number of ordinary shares in issue during the period.

(b) Fully diluted loss per share

Not applicable as the market value of SCB existing shares was lower than the exercise price of converting warrants to SCB ordinary shares and there is unlikely for the warrants holders to exercise the conversion.

28. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 February 2007.

BY ORDER OF THE BOARD

CHOW CHOOI YOONG
Company Secretary
MAICSA 0772574

27 February 2007