



# STAMFORD COLLEGE BERHAD

(Company No. 194977-A)  
(Incorporated in Malaysia)

## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010 UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

In thousands of RM	Note	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
		Current quarter ended 31 March 2010	Comparative quarter ended 31 March 2009	Current year to date ended 31 March 2010	Preceding year to date ended 31 March 2009
<b>Revenue</b>	9	9,655	6,707	9,655	6,707
Operating expenses		(8,586)	(5,743)	(8,586)	(5,743)
Other operating income		1,287	1,920	1,287	1,920
Interest income		-	-	-	-
Finance costs		(15)	(24)	(15)	(24)
<b>Profit before tax</b>	15	2,341	2,860	2,341	2,860
Income tax expense	19	(645)	(10)	(645)	(10)
<b>Profit for the period</b>		<u>1,696</u>	<u>2,850</u>	<u>1,696</u>	<u>2,850</u>
<b>Attributable to :</b>					
Shareholders of the company		1,615	2,812	1,615	2,812
Minority interests		81	38	81	38
<b>Profit for the period</b>		<u>1,696</u>	<u>2,850</u>	<u>1,696</u>	<u>2,850</u>
<b>Basic profit per share (sen)</b>	27	4.04	7.03	4.04	7.03

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.



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## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	Current quarter ended	Comparative quarter ended	Current year to date ended	Preceding year to date ended
In thousands of RM	31 March 2010	31 March 2009	31 March 2010	31 March 2009
<b>Profit for the period</b>	1,696	2,850	1,696	2,850
Other comprehensive income for the period, net of tax	-	-	-	-
<b>Total comprehensive income for the period , net of tax</b>	<u>1,696</u>	<u>2,850</u>	<u>1,696</u>	<u>2,850</u>
<b>Total comprehensive income attributable to :</b>				
Shareholders of the company	1,615	2,812	1,615	2,812
Minority interests	81	38	81	38
<b>Profit for the period</b>	<u>1,696</u>	<u>2,850</u>	<u>1,696</u>	<u>2,850</u>

The Condensed Consolidated Statement Of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.



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## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of RM	Note	Unaudited At 31 Mar 2010	Audited At 31 Dec 2009
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	20,434	20,554
Software development expenditure		866	866
Intangible assets	10	14,043	13,051
Amount due from Associates		62	62
Deferred tax assets		782	1,427
<b>Total non-current assets</b>		<u>36,187</u>	<u>35,960</u>
<b>Current assets</b>			
Inventories		1,285	218
Trade and other receivables		4,882	4,708
Current tax asset		102	101
Cash and cash equivalents		1,500	3,490
<b>Total current assets</b>		<u>7,769</u>	<u>8,517</u>
<b>Total assets</b>		<u>43,956</u>	<u>44,477</u>
<b>EQUITY</b>			
Share capital	7	40,000	40,000
Reserves		(18,183)	(19,798)
<b>Total equity attributable to shareholders of the Company</b>		<u>21,817</u>	<u>20,202</u>
<b>Minority shareholders' interest</b>		<u>305</u>	<u>224</u>
<b>Total equity</b>		<u>22,122</u>	<u>20,426</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Payables and deposits *		2,590	2,601
Borrowings	23	105	116
Obligations under finance lease		323	358
<b>Total non-current liabilities</b>		<u>3,018</u>	<u>3,075</u>
<b>Current liabilities</b>			
Trade and other payables		12,291	13,211
Fees received in advance**		4,635	6,185
Borrowings	23	1,736	1,417
Obligations under finance lease		154	163
<b>Total current liabilities</b>		<u>18,816</u>	<u>20,976</u>
<b>Total liabilities</b>		<u>21,834</u>	<u>24,051</u>
<b>Total equity and liabilities</b>		<u>43,956</u>	<u>44,477</u>
Net Assets per Share (RM)		<u>0.55</u>	<u>0.51</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

\* Education Fund of RM1.412 million has been reclassified from current liabilities to non current liabilities under "Other Payables" due to its long term and continuous nature. Revenue is recognised upon utilisation of the education fund by the beneficiary students. ( 2009 : RM1.042 million )

\*\*Security deposit and student bond amounting to RM1.178 million are reclassified as "Other Payables" and refundable 12 months later. ( 2009 : RM1.070m)

\*\*\*Fees received in advance will be recognised as revenue to the College when new semesters commence. ( 2009 : RM3.871m )



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## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

In thousands of RM	I----- Attributable to shareholders of the Company -----I					Minority interest	Total equity
	Share capital	Non-distributable Share premium (a)	Accumulated losses (b)	Sub-total (a) + (b)	Total		
At 1 January 2009	40,000	121	(22,043)	(21,922)	18,078	23	18,101
Profit for the period	-	-	2,812	2,812	2,812	38	2,850
At 31 March 2009	40,000	121	(19,231)	(19,110)	20,890	61	20,951
At 1 January 2010	40,000	121	(19,919)	(19,798)	20,202	224	20,426
Profit for the period	-	-	1,615	1,615	1,615	81	1,696
At 31 March 2010	40,000	121	(18,304)	(18,183)	21,817	305	22,122

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.



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## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010 UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of RM	Current year to date ended 31 Mar 2010	Preceding year to date ended 31 Mar 2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers and receivables	8,087	7,226
Cash paid to suppliers and employees	(9,050)	(7,996)
Cash flows used in operations	(963)	(770)
Interest paid	(15)	(24)
Income taxes paid	(1)	-
Income taxes refund	-	-
<b>Net cash used in operating activities</b>	<b>(979)</b>	<b>(794)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net of cash, disposal of investment in associate	-	2,800
Purchase of property, plant and equipment	(156)	(1,902)
Purchase of intangible assets	(1,119)	(22)
<b>Net cash generated from/(used in) investing activities</b>	<b>(1,275)</b>	<b>876</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of hire purchase and lease financing	(77)	(116)
Advances to associates	-	(1)
<b>Net cash used in financing activities</b>	<b>(77)</b>	<b>(117)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(2,331)</b>	<b>(35)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>2,198</b>	<b>(1,069)</b>
<b>Cash and cash equivalents at 31 March</b>	<b>(133)</b>	<b>(1,104)</b>
<b>Cash and cash equivalents at the end of the financial period comprise the following :</b>		
Cash and bank balances	1,500	437
Deposits placed with licensed banks	-	40
	1,500	477
Bank Overdraft	(1,633)	(1,581)
	(133)	(1,104)

The Condensed Consolidated Statement Of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.



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### 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 should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

The significant accounting policies adopted are consistent with those of the audited financial statement for the year ended 31 December 2009, except the adoption of the following new Financial Reporting Standards (FRSs), Amendment to FRs and the Interpretations with effects from 1 January 2010. On 1 January 2010, the Group adopted the following FRSs :-

a) FRS 8 : Operating Segments

FRS 8 requires disclosure of information about Group's operating segments and replaced the requirement to determined primary (business) and secondary (geographical) reporting segments of the Group. The Group concluded that the operating segments determined in accordance with FRS 8 are the same as the business segments previously adopted. Adoption of FRS 8 did not have any effect on the financial position or performance of the Group.

b) FRS 101 : Presentation of Financial Statements

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements.

With the adoption of the revised FRS 101, the components of the interim financial statements, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements. The adoption of FRS 101 did not impact the financial position or results of the Group as the changes introduces are presentational in nature.

c) FRS 139 : Financial Instruments : Recognition and Measurement

The adoption of FRS 139 has resulted in changes to the accounting policies relating to recognition and measurement of financial instruments. A financial instrument is recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial instrument is recognized initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition or issue of the financial instrument.

i) Borrowings

Prior to the adoption of FRS 139, transaction costs attributable to borrowings were expensed off as incurred. With the adoption of FRS 139, borrowings are now recognised initially at fair value, plus directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest rate method. As allowed under



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the transitional provisions of FRS 139, the Group has not applied the standard retrospectively.

### **2. Changes in accounting policies**

The accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statement for the year ended 31 December 2009.

### **3. Auditors' report on preceding annual financial statements**

The audited annual financial statements for the year ended 31 December 2009 were not subject to any qualification.

### **4. Seasonality of operations**

The education segment of the Group's performance is seasonal. Most of the courses were offered to students for registration during this quarter.

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

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter under review.

### **6. Changes in estimates**

There were no changes in estimates that had a material effect in the quarter under review 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 quarter under review.

### **8. Dividends paid**

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



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### 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. The Company has also embarked into a micro steel mill project through the acquisition of a subsidiary company, Sang Cahaya Sdn. Bhd. The micro steel mill is principally engaged in the manufacture of all kinds of steel products. The manufacturing activity has commenced commercial production on 1 February 2010.

In thousands of RM For three months ended	Education		Manufacturing		Consolidated	
	2010	2009	2010	2009	2010	2009
Revenue from external customers	7,671	6,707	1,984	-	9,655	6,707
Segment result	2,794	3,320	(14)	(50)	2,780	3,270
Unallocated expenses					(424)	(386)
Interest Income					-	-
Finance Costs					(15)	(24)
Profit before tax					2,341	2,860

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 three months ended 31 March 2010, the Group acquired items of plant and equipment with a cost of RM0.156 million (three months ended 31 March 2009 : RM1.902 million). No item of equipment were disposed during the three months ended 31 March 2010 (three months ended 31 March 2009 : RM Nil).

An additional RM1.062 million was capitalized to development costs during the quarter under review as defined under FRS 138 Intangible Assets. The development costs reflect the costs incurred in the training of skilled labour in relation to the design, development and implementation of a technically new production processes. The production technique is expected to generate the flow of future economic benefits into the company from the sale of products resulting from the use of the asset.

#### (b) Valuations of Property, Plant and Equipment

There were no revaluation of property, plant and equipment brought forward from the financial statements for the year ended 31 December 2009. 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.





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### **11. Post balance sheet events**

In the opinion of the Directors, no material events have arisen between the end of the reporting period and 18 May 2010, 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.

### **12. Changes in the composition of the Group**

There were no changes in the composition of the Group during the current quarter and the financial period to date.

### **13. Contingent Liabilities and Contingent Assets**

As at date of this announcement, the company has contingent liabilities amounting to RM4,900,000 in respective of corporate guarantees given to banks to secure general banking facilities comprising of RM3 million for foreign exchange line, RM1.820 million overdraft and RM80,000 for the provision of services.

### **14. Capital Commitments**

There was no commitment for the purchase of property, plant and equipment which was contracted but not provided for in the interim financial statements as at 31 March 2010.



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

#### 15. Review of Performance

The revenue for the Group for the quarter under review was RM9.655 million as compared to RM6.707 million recorded in the corresponding quarter in the preceding year, representing an increase of RM2.948 million or 43.95%. The increase in revenue was mainly from the education segment with an increase of RM0.964 million or 14.37%. The manufacturing recorded a revenue of RM1.984 million since its commencement of commercial production on 1 February 2010.

The profit before tax for the Group for the quarter under review was RM2.341 million as compared to the group's profit before tax of RM2.860 million for the corresponding quarter in the preceding year. There was a gain of RM0.824 million in the preceding year's quarter arising from the disposal of 20% interest in an associate company. In the current quarter, legal and professional fees were incurred on instituting legal proceeding against a franchise partner for wrongful termination of collaboration agreement and the upliftment of PN17 status. The legal expenses and professional fees incurred during the quarter amounted to RM0.278 million. The deposits write back during the quarter under review amounted to RM0.135 million. As such, the profit before tax for the Group for the operation in the quarter under review would have shown an increase of RM0.294 million as compared to RM2.036 million ( net of the gain on disposal of investment in an associate company) or 14.45%. The favourable results were mainly due to more students registered for degree programmes and more efficient use and deployment of resources through rationalization of centres and programmes.

#### 16. Variation of results against preceding quarter

In thousands of RM	Current Quarter	Immediate Preceding Quarter	Variance
Revenue	<u>9,655</u>	<u>4,355</u>	<u>5,300</u>
Profit /(Loss)before tax	<u>2,341</u>	<u>(2,353)</u>	<u>4,694</u>

The Group's revenue for the current quarter increased by RM5.300 million compared to immediate preceding quarter. The increase in revenue was mainly due to more student intakes for the current quarter and the commencement of business of the manufacturing sector.



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### 17. Current Year Prospects

Stamford College has obtained approval from University of East London to offer Master in Technology Management, Master in Computer Systems Engineering and a degree in Business Information Systems. First batch of students would be enrolled by the middle of November this year.

With more new courses at the undergraduate and Master levels to be introduced to the College's range of courses, Stamford College hopes to capture new markets and new segments locally and overseas.

The diversification from the company's business has seen the establishment of a micro steel mill project located in the outskirts of Klang Valley. The plant had commenced commercial production on 1 February 2010.

### 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 March 2010

Under provision of Malaysian income tax in prior year	-
Deferred tax	645
	-----
	645
	====

The increase in income tax expense as compared to the corresponding quarter in the preceding year is due to the utilisation of deferred tax asset against the taxable profit of the current quarter in the subsidiary companies.

### 20. Unquoted investments and properties

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



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### 21. Quoted Securities

There were no purchase and disposal of quoted securities for the quarter under review.

There were no investments in quoted shares as at 31 March 2010.

### 22. Status of corporate proposals announced

Save as disclosed below, there were no corporate proposals announced but not completed on 18 May 2010.

(a) On 4 March 2010, Public Investment Bank Berhad, on behalf of Stamford College Berhad (“SCB” or “the Company”), had announced that the Company proposes to undertake the following to regularise its financial condition under Paragraph 8.04 and PN 17 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”):

(i) proposed reduction of the issued and paid-up share capital of SCB pursuant to Section 64 of the Companies Act, 1965 involving cancellation of RM0.50 of the par value of each existing ordinary share of RM1.00 each in SCB; and

(ii) proposed amendments to the memorandum and articles of association of SCB,

collectively referred to as the Proposed Regularisation Plan.

PIBB, on behalf of SCB, had submitted the Proposed Regularisation Plan to Bursa Securities on 5 March 2010 for approval.

The Proposed Regularisation Plan is subject to and conditional upon approvals being obtained from the following which are still outstanding to-date:

(i) Bursa Securities for the Proposed Regularisation Plan;

(ii) the shareholders of the Company at an extraordinary general meeting (“EGM”) to be convened for the Proposed Regularisation Plan;

(iii) the High Court of Malaya for the Proposed Par Value Reduction; and

(iv) any other relevant authorities or parties, if any.

(b) On 4 March 2010, the Board of Directors of SCB had announced that the Company proposes to undertake a proposed diversification of the business of SCB and its subsidiaries into manufacturing of low alloyed, alloyed and long steel products (“Proposed Diversification”).

The Proposed Diversification is subject to the approval of the shareholders at an Extraordinary General Meeting of the Company to be convened.



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### 23. Borrowings

In thousands of RM

At 31 March  
2010

Current (unsecured)

Bank Overdraft

1,633

Hire purchase liabilities

103

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1,736

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Non-current (unsecured)

Hire purchase liabilities

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105

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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 in respect of advertising charges in which the Company denies liability. The Kuala Lumpur High Court had on 18 May 2009 allowed the plaintiff's claim but the quantum of claim had yet to be assessed. The Company had filed an application for stay of execution and appealed against the Kuala Lumpur High Court's decision. The hearing of stay of execution fixed on 18 May 2010 was dismissed with costs. The appeal against the decision is pending. The hearing on the assessment of damages is fixed for mention on 15 June 2010. The hearing of the suit is pending at the Court of Appeal.

The Kuala Lumpur Sessions court has ordered the Company and a subsidiary to pay to a former student RM36,920 in damages plus cost and interest of 8% per annum from 25 October 2000 until full payment. Pursuant to the aforesaid order, the Company paid the sum of RM58,844 to the former student's solicitor. The Company's solicitors are of the opinion that there are no merits in the claim and the Company has appealed to the High Court against the said decision. The appeal is fixed for hearing on 19 May 2010.

The Company's solicitors are also of the view that the aforesaid decision will not bind the court in determining the remaining 5 cases of similar nature pending in court.

The Company had on 16 October 2009 submitted a request for arbitration to the International Chamber of Commerce International Court of Arbitration ("ICC") at its Asia Office in Hong Kong on a claim for the loss and damages suffered by the Company arising from the wrongful termination by UNN of the Agreements made between the Company and UNN which permits the Company to offer UNN's degree and master programmes.



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The ICC had nominated the arbitrator on 7 December 2009. UNN filed its answer on 21 December 2009. The Arbitrator has drawn up the Terms of Reference as well as the Procedural Rules.

The Company's solicitors are of the opinion that the Company has a good chance of success in its claim against the franchise partner.

### **26. Dividend**

The Board does not recommend any interim dividend for the financial three months ended 31 March 2010 (31 March 2009 : Nil).

### **27. Profit Per Share**

#### **(a) Basic profit per share**

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

#### **(b) Fully diluted profit 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 18 May 2010.

### **BY ORDER OF THE BOARD**

#### **CHOW CHOOI YOONG**

Company Secretary  
MAICSA 0772574

18 May 2010