

**SUMMARY OF KEY FINANCIAL INFORMATION**  
**31 March 2006**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/03/2006	31/03/2005	31/03/2006	31/03/2005
	RM'000	RM'000	RM'000	RM'000
1 Revenue	16,291	19,294	16,291	19,294
2 Profit before tax	2,023	634	2,023	634
3 Profit after tax and minority interest	1,611	571	1,611	571
4 Profit for the period	1,578	507	1,578	507
5 Basic earnings per share (sen)	1.83	0.64	1.83	0.64
6 Dividend per share (sen)	0.00	0.00	0.00	0.00
7 Net assets per share attributable to ordinary equity holders of the parent (RM)			<b>AS AT END OF CURRENT QUARTER</b> 1.7493	<b>AS AT PRECEDING FINANCIAL YEAR END</b> 1.7294

**ADDITIONAL INFORMATION**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/03/2006	31/03/2005	31/03/2006	31/03/2005
	RM'000	RM'000	RM'000	RM'000
1 Profit from operations	3,614	1,708	3,614	1,708
2 Gross interest income	227	162	227	162
3 Gross interest expense	(1,818)	(1,236)	(1,818)	(1,236)

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
for the period ended 31 March 2006

	Current Period 3 months ended 31 March		Cumulative Period 3 months ended 31 March	
	2006 (RM'000)	2005 (RM'000)	2006 (RM'000)	2005 (RM'000)
Revenue - services	16,291	19,294	16,291	19,294
Cost of services	(3,892)	(5,650)	(3,892)	(5,650)
<b>Gross profit</b>	12,399	13,644	12,399	13,644
Operating expenses	(9,701)	(12,653)	(9,701)	(12,653)
Other operating income	916	717	916	717
<b>Profit from operations</b>	3,614	1,708	3,614	1,708
Finance costs	(1,818)	(1,236)	(1,818)	(1,236)
Interest income	227	162	227	162
<b>Profit before tax</b>	2,023	634	2,023	634
Income tax expense	(445)	(127)	(445)	(127)
<b>Profit for the period</b>	<b>1,578</b>	<b>507</b>	<b>1,578</b>	<b>507</b>
<b>Attributable to :</b>				
Shareholders of the Company	1,611	571	1,611	571
Minority interests	(33)	(64)	(33)	(64)
	<b>1,578</b>	<b>507</b>	<b>1,578</b>	<b>507</b>
<b>Earnings per share</b>				
- Basic (sen)	1.83	0.64	1.83	0.64
- Diluted (sen)	1.83	0.64	1.83	0.64

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2005.

**CONDENSED CONSOLIDATED BALANCE SHEET**  
**At 31 March 2006**

	<b>As at 31 Mar 06 (RM'000)</b>	<b>As at 31 Dec 05 (RM'000)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	180,616	173,159
Investment in associates	1,850	1,850
Other investments	8,970	8,970
Intangible assets	30,966	31,216
Deferred tax assets	94	94
	<u>222,496</u>	<u>215,289</u>
<b>Current assets</b>		
Inventories	104	104
Trade receivables	46,862	46,414
Other receivables	33,147	35,159
Other investments	115	115
Tax recoverable	1,566	1,703
Cash and cash equivalents	3,028	2,531
	<u>84,822</u>	<u>86,026</u>
<b>TOTAL ASSETS</b>	<b><u>307,318</u></b>	<b><u>301,315</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to Shareholders of the Company</b>		
Share Capital	89,093	89,093
Treasury Shares	(1,175)	(961)
Reserves	65,037	63,426
	<u>152,955</u>	<u>151,558</u>
<b>Minority interest</b>	<u>596</u>	<u>697</u>
<b>Total equity</b>	<u>153,551</u>	<u>152,255</u>
<b>Non-current liabilities</b>		
Borrowings	114,535	107,182
Deferred tax liabilities	2,023	2,023
	<u>116,558</u>	<u>109,205</u>
<b>Current liabilities</b>		
Other payables	15,458	18,256
Borrowings	20,795	20,711
Taxation	956	888
	<u>37,209</u>	<u>39,855</u>
<b>Total liabilities</b>	<u>153,767</u>	<u>149,060</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>307,318</u></b>	<b><u>301,315</u></b>

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2005.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the period ended 31 March 2006**

	← Attributable to Shareholders of the Company →							
	Non-Distributable				Distributable			
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Retained Profits RM'000	Total RM'000		
<b>Balance as at 1 January 2006</b>	89,093	(961)	35,876	2,077	25,473	151,558	697	152,255
Net profit for the period	-	-	-	-	1,611	1,611	(33)	1,578
Purchase of Treasury Shares	-	(214)	-	-	-	(214)	-	(214)
Purchase of additional interest in subsidiary	-	-	-	-	-	-	(68)	(68)
<b>Balance as at 31 March 2006</b>	<u>89,093</u>	<u>(1,175)</u>	<u>35,876</u>	<u>2,077</u>	<u>27,084</u>	<u>152,955</u>	<u>596</u>	<u>153,551</u>
<b>Balance as at 1 January 2005</b>	88,647	-	35,264	2,102	29,060	155,073	1,517	156,590
Net profit for the period	-	-	-	-	571	571	(64)	507
Issue of shares under ESOS	41	-	24	-	-	65	-	65
Issue of shares under private placement	400	-	600	-	-	1,000	-	1,000
Corporate exercise expenses	-	-	(14)	-	-	(14)	-	(14)
Purchase of additional interest in subsidiary	-	-	-	-	-	-	(61)	(61)
<b>Balance as at 31 March 2005</b>	<u>89,088</u>	<u>-</u>	<u>35,874</u>	<u>2,102</u>	<u>29,631</u>	<u>156,695</u>	<u>1,392</u>	<u>158,087</u>

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2005.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**for the period ended 31 March 2006**

	<b>31 Mar 2006</b> <b>(RM'000)</b>	<b>31 Mar 2005</b> <b>(RM'000)</b>
<b><u>Cash flows from operating activities</u></b>		
<b>Profit before tax</b>	2,023	634
<b>Adjustment for non-cash flow:-</b>		
- Non cash items	1,229	1,828
- Non-operating items	2,081	1,074
<b>Operating profit before working capital changes</b>	5,333	3,536
<b>Changes in working capital</b>		
- Net change in current assets	1,564	(3,026)
- Net change in current liabilities	(2,799)	(1,843)
<b>Cash generated from operations</b>	4,098	(1,333)
- Income taxes paid	(240)	(1,076)
- Net interest	(1,819)	(1,074)
<b>Net cash generated from/(used in) operating activities</b>	2,039	(3,483)
<b><u>Cash flows from investing activities</u></b>		
- Net equity investments	(75)	-
- Purchase of treasury shares	(214)	-
- Proceeds from disposal of property, plant and equipment	225	-
- Purchase of property, plant and equipment	(8,916)	(5,788)
<b>Net cash used in investing activities</b>	(8,980)	(5,788)
<b><u>Cash flows from financing activities</u></b>		
- Net proceeds from issuance of shares	-	1,051
- Net proceeds from borrowings	6,528	1,353
<b>Net cash generated from financing activities</b>	6,528	2,404
<b>Net decrease in cash and cash equivalents</b>	(413)	(6,867)
<b>Cash and cash equivalents at beginning of the period</b>	(15,101)	391
<b>Cash and cash equivalents at end of the period</b>	(15,514)	(6,476)

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2005.

## **Notes to interim financial report**

### **A. DISCLOSURE REQUIREMENTS AS PER 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* and the applicable disclosure provisions of the Listing Requirements of the 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 interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2005. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2005.

#### **2. Changes of accounting policies**

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

The FRSs that will be effective in the annual financial statements for the year ending 31 December 2006 may be affected by the issue of additional interpretation(s) or other changes announced by the MASB subsequent to the date of issuance of this interim report. Therefore the policies that will be applied in the Group's financial statements for that period cannot be determined with certainty at the date of issuance of this interim financial report.

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) Amortisation of goodwill and negative goodwill (FRS 3, *Business Combinations and FRS 136, Impairment of Assets, FRS 138, Intangible Assets*)**

In prior periods, goodwill was amortised from the date of initial recognition over its estimated useful life of not more than twenty-five (25) years and was subject to impairment testing when there were indications of impairment.

With effect from 1 January 2006, in accordance with FRS 3 and FRS 136, the Group no longer amortises positive goodwill. Such goodwill is tested annually for impairment, including in the year of its initial recognition, as well as when there are indications of impairment. Impairment losses are recognised when the carrying amount of the cash generating unit to which the goodwill have been allocated exceeds its recoverable amount.

Also with effect from 1 January 2006 and in accordance with FRS 3, if the fair value of the net assets acquired in a business combination exceeds the consideration paid (i.e. an amount arises which would have been known as negative goodwill under the previous policy), the excess is recognised immediately in the income statement as it arises.

The new policy in respect of positive goodwill has been applied prospectively in accordance with the transitional arrangements under FRS 3. As a result, comparative amounts have not been restated, the cumulative amount of amortisation as of 1 January 2006 has been offset against the cost of the goodwill and no amortisation charge for goodwill has been recognised in the income statement for the three months ended 31 March 2006. This has increased the Group's profit after tax for three months ended 31 March 2006 by RM376,000.

The change in policy relating to negative goodwill had no effect on the interim financial report as there was no negative goodwill deferred as at 31 December 2005.

**(b) 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 attributable to the shareholders of the Company, 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 shareholders of the Company.

### **3. Qualification of Audit Report**

The audit report of the financial statements of the Group for the year ended 31 December 2005 was not qualified.

### **4. Seasonal or cyclical factors**

Full-time students enrol for courses during certain periods of the year whereas adult learners (part-time students) do not have preference for specific intakes.

With the combination of both full-time and part-time programmes offered by the Group, the effects of seasonal or cyclical factors are minimised.

### **5. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual.**

There were no material unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the financial period ended 31 March 2006.

### **6. Nature and amount of changes in estimates**

There were no changes in estimates of amounts previously reported which have a material effect in the financial period ended 31 March 2006.

### **7. Issuance, cancellations, repurchases, resale and repayments of debt and equity securities**

There were no cancellations, repurchases, resale and repayments of debts and equity securities during the period ended 31 March 2006 except for the following:

	No. of ordinary shares
No. of ordinary shares of RM1.00 each as at 1 January 2006	88,040,855
Less: Repurchase of Company's own ordinary shares	(263,500)
No. of ordinary shares of RM1.00 each as at 31 March 2006	<u>87,777,355</u>

During the period, the Company repurchased 263,500 of its own ordinary shares from the open market at an average price of RM0.81 per share. The total consideration paid for the repurchase including transaction costs was RM214,000 and this was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.





**8. Dividends paid**

There were no dividends paid for the quarter under review.

**9. Segment reporting**

The Group's turnover and profits were derived mainly from education and training activities and accordingly, no segment reporting is presented.

**10. Valuations of property, plant and equipment**

The valuations of land and building have been brought forward, without amendments from the previous annual report.

**11. Material subsequent events**

There are no material subsequent events that have not been reflected in the financial statements for the period ended 31 March 2006.

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

There were no changes in the composition of the Group during the period ended 31 March 2006 except as follows:

- (a) On 7 March 2006, the Company through its wholly-owned subsidiary, Berrington Bay Corporation Sdn Bhd acquired 100 ordinary shares of RM1.00 each, representing 100% equity interest in SEGI-IGS Sdn Bhd (formerly known as Montessori Child Enrichment Centres Sdn Bhd) at RM1.00 per share; and
- (b) On 30 March 2006, the Company through its wholly-owned subsidiary, SEG International Group Sdn Bhd acquired 75,000 ordinary shares of RM1.00 each, representing 30% equity interest in SEGi Youth Training Sdn Bhd for a total purchase consideration of RM75,000.

**13. Changes in contingent liabilities or contingent assets**

There were no material contingent liabilities or contingent assets of the Group as at 31 March 2006.

**14. Capital Commitments**

The amount of capital commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 March 2006 is as follows:

Approved and contracted for - RM 40,767,000

**B. *DISCLOSURE REQUIREMENTS AS PER BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS.***

**1. Review of performance**

For the quarter under review, the Group achieved an increase in the Profit before Tax by 219% for the first three months ended 31 March 2006 compared to the similar period in 2005. The revenue for the period however, dropped by 16% compared to the similar period in the previous year, as a result of the disposal of the seven colleges and centres in December 2005.

The improvement in results compared to the corresponding period in the previous year is mainly due to:

- the decrease in operating expenses resulting from the disposal of the colleges, as they also carried heavy overheads.
- the effects of the rationalisation exercise carried out by the Group at the beginning of this year in re-branding the Group, merging of the colleges and decentralising the corporate office. This exercise has resulted in cost savings for the Group as reflected in the drop in the cost of services and administrative expenses.

**2. Variation of results against preceding quarter**

The Group recorded a pre-tax profit of RM 2.0 million compared to a loss of RM 281,000 in the previous quarter. The improvement in performance is indicative that the re-branding and merger exercise is showing positive results.

**3. Current year prospects**

As announced in the previous quarters, the Group took certain concrete measures towards the end of 2005 and early 2006 to improve its performance and maintain its competitiveness and profitability such as –

- The rationalisation of the Group structure and disposal of colleges/centres which are not profitable;
- Effective cost cutting measures and a re-branding exercise whereby the colleges in the Group are now commonly named SEGi College; and
- Launching 17 new 3+0 undergraduate programmes in collaboration with Australia and United Kingdom universities in January 2006.

These measures taken have resulted in the notable improvement of the Group's performance and are expected to further strengthen the position of the Group in the short and medium term.



In April 2006, the Group has secured a project with the Ministry of Youth & Sports, Malaysia to train 10,000 youths per year for five years. The Group has also similarly entered into agreements for special training projects with other Government agencies and private corporations.

The revenue and financial returns for those contracts and projects are expected to contribute positively towards the Group's profits in the later quarters of the year and particularly in subsequent years.

**4. Profit forecast**

Not applicable.

**5. Tax Expenses**

	Current quarter ended 31 March 2006 (RM'000)	Cumulative quarter ended 31 March 2006 (RM'000)
Current tax expense		
- current	445	445
- prior year	-	-
	<hr/> 445	<hr/> 445
Deferred tax expense		
- current	-	-
- prior year	-	-
	<hr/> -	<hr/> -
	<hr/> -	<hr/> -
Total	<hr/> 445	<hr/> 445

**6. Unquoted investments and properties**

For the quarter under review, the Company and Group disposed two (2) units of office lots in Cheras Business Centre, Kuala Lumpur for a total consideration of RM225,000. This resulted in a gain on disposal of RM15,000.

There were no sales of unquoted investments in the current quarter.

## 7. Quoted investments

There were no sales or purchases of quoted investments in the current quarter.

Investment in quoted securities as at 31 March 2006:

	Cost	Book value	Market Value
	(RM'000)	(RM'000)	(RM'000)
Total quoted securities	3,260	3,260	700
Less : Diminution in value	-	(176)	-
Balance as at 31 March 2006	<u>3,260</u>	<u>3,084</u>	<u>700</u>

## 8. Status of corporate proposal announced

On 20 February 2006, the following agreements have been entered into:

- (i) Sale and Purchase Agreement (“SPA”) between Shaw Commercial Institution Sendirian Berhad (“SCI”), a wholly-owned subsidiary of the Company (also known as “SEGi”), and Amanah Raya Berhad (“ARB”) for the proposed disposal to ARB of a piece of freehold land held under Geran 43527, Lot 13, Pekan Subang Jaya, Daerah Petaling, Selangor Darul Ehsan together with a 12-storey building (known as SEGi College) erected thereon and including the fixtures, fittings, plants and equipment for a cash consideration of RM48.3 million.

Pursuant to the above proposed disposal, a Lease Agreement was entered into concurrently between ARB and SEGi for the lease of the above property to SEGi for a period of fifteen (15) years commencing from the completion date of the proposed disposal. The above proposals are hereinafter referred to as the Proposed Sale and Leaseback of SEGi College.

The Proposed Sale and Leaseback of SEGi College has been completed on 22 May 2006.

- (ii) SPA and Deed of Assignment between Binary Mark Sdn Bhd (“BMSB”), effectively a 98.63%-owned subsidiary of SEGi, and ARB for the proposed disposal to ARB of a 5-storey commercial building (provisionally known as South City Plaza, Block A) erected on part of a leasehold land held under master title HS(D) 226742, PT 520, Pekan Serdang, Daerah Petaling, Selangor Darul Ehsan for a cash consideration of RM8.9 million.
- (iii) SPA and Deed of Assignment between Prestige Front Sdn Bhd (“PFSB”), a wholly-owned subsidiary of SEGi, and ARB for the proposed disposal to ARB of a 5-storey commercial building (provisionally known as South City Plaza, Block B) erected on part of a leasehold land held under master title HS(D) 226742, PT 520, Pekan

Serdang, Daerah Petaling, Selangor Darul Ehsan for a cash consideration of RM9.1 million.

Pursuant to the proposed disposals in (ii) and (iii) above, a Lease Agreement was entered into concurrently between ARB and SEGi for the lease of the above properties to SEGi for a period of ten (10) years commencing from the completion date of the proposed disposals. The above proposals are hereinafter referred to as the Proposed Sale and Leaseback of Blocks A and B of South City Plaza.

The completion of the Proposed Sale and Leaseback of Blocks A and B of South City Plaza is pending the fulfilment of certain conditions precedent.

## **9. Borrowing and debt securities**

	31 March 2006 (RM'000)
Current	
- Secured	16,747
- Unsecured	4,048
	<hr/> 20,795
Non-current	
- Secured	54,535
- Unsecured	60,000
	<hr/> 114,535
	<hr/> <hr/> 135,330

The above borrowings are denominated in Ringgit Malaysia.

## **10. Off balance sheet financial instruments**

There were no financial instruments with off balance sheet risk as at 29 May 2006.

## **11. Changes in material litigation**

There are no pending material litigations as at 29 May 2006.

## 12. Dividend

As at 31 March 2006, no dividend has been declared for the financial period under review.

The Board of Directors is recommending a first and final dividend of 2% less tax for the financial year ended 31 December 2005, subject to the approval of shareholders at the forthcoming Annual General Meeting.

## 13. Earnings per share

The basic and diluted earnings per share have been calculated based on the consolidated net profit for the period and on the weighted average number of ordinary shares in issue during the period.

### *Basic earnings per share*

	Current Quarter Ended 31/03/2006 (RM'000)	Comparative Quarter Ended 31/03/2005 (RM'000)	Cumulative to-date 31/03/2006 (RM'000)	Cumulative to-date 31/03/2005 (RM'000)
<b>Earnings</b>				
Profit for the period	1,578	507	1,578	507
Amount attributable to minority interests	33	64	33	64
Profit for the period attributable to the shareholders of the Company	1,611	571	1,611	571
	(‘000)	(‘000)	(‘000)	(‘000)
<b>Weighted average number of ordinary shares</b>	87,892	88,832	87,892	88,832
<b>Basic earnings per share (sen)</b>	1.83	0.64	1.83	0.64

*Diluted earnings per share*

	Current Quarter Ended 31/03/2006 (RM'000)	Current Quarter Ended 31/03/2005 (RM'000)	Cumulative to-date 31/03/2006 (RM'000)	Cumulative to-date 31/03/2005 (RM'000)
<b>Earnings</b>				
Profit for the period	1,578	507	1,578	507
Amount attributable to minority interests	33	64	33	64
Profit for the period attributable to the shareholders of the Company	1,611	571	1,611	571
	(‘000)	(‘000)	(‘000)	(‘000)
Weighted average number of ordinary shares	87,892	88,832	87,892	88,832
Effect of share options	-	762	-	762
<b>Weighted average number of ordinary shares (diluted)</b>	87,892	89,594	87,892	89,594
<b>Diluted earnings per share (sen)</b>	1.83	0.64	1.83	0.64