

SUMMARY OF KEY FINANCIAL INFORMATION
30 June 2006

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/06/2006	30/06/2005	30/06/2006	30/06/2005
	RM'000	RM'000	RM'000	RM'000
1 Revenue	14,263	17,642	30,554	36,936
2 Profit/(loss) before tax	498	(459)	2,521	175
3 Profit/(loss) for the period	425	(367)	2,003	140
4 Profit/(loss) attributable to ordinary equity holders of the parent	505	(270)	2,116	301
5 Basic earnings per share (sen)	0.58	(0.30)	2.41	0.34
6 Proposed/Declared dividend per share (sen)	0.00	0.00	0.00	0.00
			AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
7 Net assets per share attributable to ordinary equity holders of the parent (RM)			1.7494	1.7214

ADDITIONAL INFORMATION

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/06/2006	30/06/2005	30/06/2006	30/06/2005
	RM'000	RM'000	RM'000	RM'000
1. Gross interest income	(168)	263	59	425
2. Gross interest expense	(1,943)	(1,344)	(3,761)	(2,580)

CONDENSED CONSOLIDATED INCOME STATEMENT
for the period ended 30 June 2006

	Current Period 3 months ended 30 June		Cumulative Period 6 months ended 30 June	
	2006 (RM'000)	2005 (RM'000)	2006 (RM'000)	2005 (RM'000)
Revenue - services	14,263	17,642	30,554	36,936
Cost of services	(4,269)	(4,692)	(8,161)	(10,342)
Gross profit	9,994	12,950	22,393	26,594
Operating expenses	(10,480)	(13,001)	(20,181)	(25,654)
Other operating income	3,095	673	4,011	1,390
Profit from operations	2,609	622	6,223	2,330
Finance costs	(1,943)	(1,344)	(3,761)	(2,580)
Interest income	(168)	263	59	425
Profit/(loss) before tax	498	(459)	2,521	175
Income tax expense	(73)	92	(518)	(35)
Profit/(loss) for the period	425	(367)	2,003	140
Attributable to :				
Shareholders of the Company	505	(270)	2,116	301
Minority interests	(80)	(97)	(113)	(161)
	425	(367)	2,003	140
Earnings per share				
- Basic (sen)	0.58	(0.30)	2.41	0.34
- Diluted (sen)	0.58	(0.30)	2.41	0.34

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 30 June 2006

	As at 30 June 06 (RM'000)	As at 31 Dec 05 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	156,135	173,159
Investment in associates	1,850	1,850
Other investments	8,970	8,970
Intangible assets	30,707	31,216
Deferred tax assets	94	94
	<u>197,756</u>	<u>215,289</u>
Current assets		
Inventories	155	104
Trade receivables	38,798	46,414
Other receivables	38,030	35,159
Other investments	115	115
Tax recoverable	2,002	1,703
Cash and cash equivalents	4,878	2,531
	<u>83,978</u>	<u>86,026</u>
TOTAL ASSETS	<u>281,734</u>	<u>301,315</u>
EQUITY AND LIABILITIES		
Equity attributable to Shareholders of the Company		
Share Capital	89,093	89,093
Treasury Shares	(1,303)	(961)
Reserves	65,542	63,426
	<u>153,332</u>	<u>151,558</u>
Minority interest	<u>516</u>	<u>697</u>
Total equity	<u>153,848</u>	<u>152,255</u>
Non-current liabilities		
Borrowings	96,080	107,182
Deferred tax liabilities	2,023	2,023
	<u>98,103</u>	<u>109,205</u>
Current liabilities		
Other payables	15,823	18,256
Borrowings	13,416	20,711
Taxation	544	888
	<u>29,783</u>	<u>39,855</u>
Total liabilities	<u>127,886</u>	<u>149,060</u>
TOTAL EQUITY AND LIABILITIES	<u>281,734</u>	<u>301,315</u>

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 30 June 2006

	← Attributable to Shareholders of the Company →							Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Non-Distributable		Distributable		Minority Interests RM'000	
			Share Premium RM'000	Revaluation reserve RM'000	Retained profits RM'000	Total RM'000		
Balance as at 1 January 2006	89,093	(961)	35,876	2,077	25,473	151,558	697	152,255
Net profit for the period	-	-	-	-	2,116	2,116	(113)	2,003
Purchase of Treasury Shares	-	(342)	-	-	-	(342)	-	(342)
Purchase of additional interest in subsidiary	-	-	-	-	-	-	(68)	(68)
Balance as at 30 June 2006	<u>89,093</u>	<u>(1,303)</u>	<u>35,876</u>	<u>2,077</u>	<u>27,589</u>	<u>153,332</u>	<u>516</u>	<u>153,848</u>
Balance as at 1 January 2005	88,647	-	35,264	2,102	29,060	155,073	1,517	156,590
Net profit for the period	-	-	-	-	301	301	(161)	140
Issue of shares under ESOS	46	-	26	-	-	72	-	72
Issue of shares under private placement	400	-	600	-	-	1,000	-	1,000
Corporate exercise expenses	-	-	(14)	-	-	(14)	-	(14)
Purchase of additional interest in subsidiary	-	-	-	-	-	-	(139)	(139)
Balance as at 30 June 2005	<u>89,093</u>	<u>-</u>	<u>35,876</u>	<u>2,102</u>	<u>29,361</u>	<u>156,432</u>	<u>1,217</u>	<u>157,649</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 30 June 2006

	30 June 2006	30 June 2005
	(RM'000)	(RM'000)
<u>Cash flows from operating activities</u>		
Profit before tax	2,521	175
Adjustment for non-cash flow:-		
- Non cash items	2,466	3,999
- Non-operating items	675	2,134
	<hr/>	<hr/>
Operating profit before working capital changes	5,662	6,308
Changes in working capital		
- Net change in current assets	3,485	(7,117)
- Net change in current liabilities	(1,212)	(3,077)
	<hr/>	<hr/>
Cash generated from/(used in) operations	7,935	(3,886)
- Income taxes paid	(1,161)	(1,850)
- Net interest	(3,702)	(2,155)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	<hr/> 3,072	<hr/> (7,891)
<u>Cash flows from investing activities</u>		
- Net equity investments	(75)	(415)
- Purchase of treasury shares	(342)	-
- Proceeds from disposal of property, plant and equipment	49,012	525
- Purchase of property, plant and equipment	(30,924)	(15,752)
	<hr/>	<hr/>
Net cash generated from/(used in) investing activities	<hr/> 17,671	<hr/> (15,642)
<u>Cash flows from financing activities</u>		
- Net proceeds from issuance of shares	-	1,072
- Corporate exercise expenses	-	(14)
- Net proceeds from borrowings	(11,891)	8,457
	<hr/>	<hr/>
Net cash (used in)/ generated from financing activities	<hr/> (11,891)	<hr/> 9,515
Net increase/(decrease) in cash and cash equivalents	8,852	(14,018)
Cash and cash equivalents at beginning of the period	<hr/> (15,101)	<hr/> 391
Cash and cash equivalents at end of the period	<hr/> (6,249)	<hr/> (13,627)

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* FRS 136, *Impairment of Assets* and 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 six months ended 30 June 2006. This has increased the Group's profit after tax for six months ended 30 June 2006 by RM752,000.

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 30 June 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 30 June 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 financial period ended 30 June 2006 except for the following:

No. of ordinary shares of RM1.00 each as at 1 January 2006	No. of ordinary shares 88,040,855
Less: Repurchase of Company's own ordinary shares	(392,700)
No. of ordinary shares of RM1.00 each as at 30 June 2006	<hr/> 87,648,155 <hr/>

During the period, the Company repurchased 392,700 of its own ordinary shares from the open market at an average price of RM0.87 per share. The total consideration paid for the repurchase including transaction costs was RM342,000 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 financial period ended 30 June 2006.

12. Changes in composition of the Group

There were no major changes in the composition of the Group during the period ended 30 June 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 an additional 75,000 ordinary shares of RM1.00 each, representing the balance 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 30 June 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 30 June 2006 is as follows:

Approved and contracted for -	<u>RM 38,884,000</u>
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B. DISCLOSURE REQUIREMENTS AS PER BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS.

1. Review of performance

For the financial period ended 30 June 2006, the Group achieved a Profit before Tax of RM2.5 million as compared to a Profit before Tax of RM0.1 million in the corresponding period in 2005. The revenue for the period however, reduced by 17% as compared to the corresponding period in the previous year, as a result of the disposal of the seven colleges and centres in December 2005.

The marked improvement in results for the financial period ended 30 June 2006 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 RM0.5 million for the current quarter compared to a pre-tax profit of RM2.0 million in the previous quarter. The drop in profit is in line with the general trend of the industry where the first quarter is generally stronger than the second quarter.

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 up to 10,000 youths per year for five years. The Group has also similarly entered into agreements for 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 30 June 2006 (RM'000)	Cumulative quarter ended 30 June 2006 (RM'000)
Current tax expense		
- current	73	518
- prior year	-	-
	<u>73</u>	<u>518</u>
Deferred tax expense		
- current	-	-
- prior year	-	-
	<u>-</u>	<u>-</u>
Total	<u>73</u>	<u>518</u>

6. Unquoted investments and properties

For the quarter under review, the following properties were disposed:

- (i) The Company disposed two (2) units of office lots in Cheras Business Centre, Kuala Lumpur for a total consideration of RM183,500. This resulted in a gain on disposal of RM18,000, and

- (ii) Shaw Commercial Institution Sdn Bhd, a wholly-owned subsidiary of the Group disposed a 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 Proposed Sale and Leaseback with Amanah Raya Berhad (“ARB”). This resulted in a gain on disposal of RM2.3 million.

For the previous quarter, the Company 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 and financial year-to-date.

7. Quoted investments

There were no sales or purchases of quoted investments in the current quarter and financial year-to-date.

Investment in quoted securities as at 30 June 2006:

	Cost	Book value	Market Value
	(RM'000)	(RM'000)	(RM'000)
Total quoted securities	3,260	3,260	650
Less : Diminution in value	-	(176)	-
Balance as at 30 June 2006	<u>3,260</u>	<u>3,084</u>	<u>650</u>

8. Status of corporate proposal announced

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

- (i) Sale and Purchase Agreement (“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.

- (ii) 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 (i) and (ii) 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 Proposed Sale and Leaseback of Blocks A and B of South City Plaza has been completed on 21 August 2006.

- b) On 30 May 2006, the Company entered into a SPA with Yasmin Holdings Sdn Bhd (“YHSB”) for the proposed disposal of a twelve (12) storey building identified as Block B02, Block B, Phileo Damansara 1, No.9, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan for a cash consideration of RM5.9 million. The completion of the sale is pending the fulfilment of certain conditions.
- c) On 30 June 2006, the Company entered into a SPA with Maser (M) Sdn Bhd (“MSB”) for the proposed disposal of a twelve (12) storey building identified as Block B01, Block B, Phileo Damansara 1, having its postal address as Unit Nos. 101 to 1201, Pusat Perdagangan Phileo Damansara 1, No.9, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan for a cash consideration of RM6.1 million. The completion of the sale is pending the fulfilment of certain conditions.

9. Borrowing and debt securities

	30 June 2006 (RM'000)
Current	
- Secured	12,441
- Unsecured	975
	<u>13,416</u>
Non-current	
- Secured	36,080
- Unsecured	60,000
	<u>96,080</u>
	<u>109,496</u>

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 August 2006.

11. Changes in material litigation

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

12. Dividend

No dividend has been declared for the financial period ended 30 June 2006.

At the Annual General Meeting of the Company on 21 June 2006, the shareholders approved a first and final dividend of 2% per share less tax for the financial year ended 31 December 2005. This dividend has been paid out to the shareholders on 8 August 2006.

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 30/06/2006 (RM'000)	Comparative Quarter Ended 30/06/2005 (RM'000)	Cumulative to-date 30/06/2006 (RM'000)	Cumulative to-date 30/06/2005 (RM'000)
Earnings				
Profit for the period	425	(367)	2,003	140
Amount attributable to minority interests	80	97	113	161
Profit for the period attributable to the shareholders of the Company	505	(270)	2,116	301
	('000)	('000)	('000)	('000)
Weighted average number of ordinary shares	87,775	89,092	87,833	88,961
Basic earnings per share (sen)	0.58	(0.30)	2.41	0.34

Diluted earnings per share

	Current Quarter Ended 30/06/2006 (RM'000)	Current Quarter Ended 30/06/2005 (RM'000)	Cumulative to-date 30/06/2006 (RM'000)	Cumulative to-date 30/06/2005 (RM'000)
Earnings				
Profit for the period	425	(367)	2,003	140
Amount attributable to minority interests	80	97	113	161
Profit for the period attributable to the shareholders of the Company	505	(270)	2,116	301
	('000)	('000)	('000)	('000)
Weighted average number of ordinary shares	87,775	89,092	87,833	88,961
Effect of share options	-	196	-	613
Weighted average number of ordinary shares (diluted)	87,775	89,288	87,833	89,574
Diluted earnings per share (sen)	0.58	(0.30)	2.41	0.34