



SEG INTERNATIONAL BHD

145098-U

**SUMMARY OF KEY FINANCIAL INFORMATION**  
**30 JUNE 2007**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/06/2007	30/06/2006	30/06/2007	30/06/2006
	RM'000	RM'000	RM'000	RM'000
1 Revenue	17,852	14,263	37,906	30,554
2 Profit before tax	176	498	3,226	2,521
3 Profit for the period	754	425	3,013	2,003
4 Profit attributable to ordinary equity holders of the parent	748	505	3,012	2,116
5 Basic earnings per share (sen)	0.87	0.58	3.51	2.41
6 Proposed/Declared dividend per share (sen)	0.00	0.00	0.00	0.00
			<b>AS AT END OF CURRENT QUARTER</b>	<b>AS AT PRECEDING FINANCIAL YEAR END</b>
7 Net assets per share attributable to ordinary equity holders of the parent (RM)			1.7948	1.7494

**ADDITIONAL INFORMATION**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/06/2007	30/06/2006	30/06/2007	30/06/2006
	RM'000	RM'000	RM'000	RM'000
1. Gross interest income	87	(168)	353	59
2. Gross interest expense	(1,248)	(1,943)	(2,515)	(3,761)

**CONDENSED CONSOLIDATED BALANCE SHEET**  
**At 30 June 2007**

	<b>As at 30 June 2007 (RM'000)</b>	<b>As at 31 Dec 2006 (RM'000)</b>
<b>ASSETS</b>		
Property, plant and equipment	166,572	135,779
Intangible assets	30,260	30,323
Investment property	529	532
Prepaid lease payments	25,779	25,799
Investment in associates	1,706	1,745
Other investments	9,220	8,970
Deferred tax assets	1,098	1,098
Long term receivable	8,100	9,600
<b>Total non-current assets</b>	<u>243,264</u>	<u>213,846</u>
Prepaid lease payments	506	486
Inventories	130	119
Trade receivables	12,205	16,541
Other receivables	33,329	32,276
Other investments	174	174
Current tax assets	2,306	1,807
Assets classified as held for sale	-	12,865
Cash and cash equivalents	11,642	6,137
<b>Total current assets</b>	<u>60,292</u>	<u>70,405</u>
<b>TOTAL ASSETS</b>	<u><b>303,556</b></u>	<u><b>284,251</b></u>
<b>EQUITY</b>		
Share Capital	89,093	89,093
Treasury Shares	(3,243)	(2,507)
Reserves	67,200	64,188
<b>Total equity attributable to shareholders of the Company</b>	<u>153,050</u>	<u>150,774</u>
<b>Minority interest</b>	563	562
<b>Total equity</b>	<u>153,613</u>	<u>151,336</u>
<b>LIABILITIES</b>		
Loans and borrowings	81,527	67,125
Deferred tax liabilities	2,079	2,070
<b>Total non-current liabilities</b>	<u>83,606</u>	<u>69,195</u>
Payables and accruals	15,312	16,895
Loans and borrowings	50,006	45,775
Taxation	1,019	1,050
<b>Total current liabilities</b>	<u>66,337</u>	<u>63,720</u>
<b>Total liabilities</b>	<u>149,943</u>	<u>132,915</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>303,556</b></u>	<u><b>284,251</b></u>

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2006.



**CONDENSED CONSOLIDATED INCOME STATEMENT**  
for the period ended 30 June 2007

	Current Period 3 months ended 30 June		Cumulative Period 6 months ended 30 June	
	2007 (RM'000)	2006 (RM'000)	2007 (RM'000)	2006 (RM'000)
Revenue - services	17,852	14,263	37,906	30,554
Cost of services	(4,812)	(4,269)	(9,533)	(8,161)
<b>Gross profit</b>	<b>13,040</b>	<b>9,994</b>	<b>28,373</b>	<b>22,393</b>
Operating expenses	(12,740)	(10,480)	(24,414)	(20,181)
Other operating income	1,037	3,095	1,429	4,011
<b>Profit from operations</b>	<b>1,337</b>	<b>2,609</b>	<b>5,388</b>	<b>6,223</b>
Finance costs	(1,248)	(1,943)	(2,515)	(3,761)
Interest income	87	(168)	353	59
<b>Profit before tax</b>	<b>176</b>	<b>498</b>	<b>3,226</b>	<b>2,521</b>
Income tax expense	578	(73)	(213)	(518)
<b>Profit for the period</b>	<b>754</b>	<b>425</b>	<b>3,013</b>	<b>2,003</b>
<b>Attributable to :</b>				
Shareholders of the Company	748	505	3,012	2,116
Minority interests	6	(80)	1	(113)
	<b>754</b>	<b>425</b>	<b>3,013</b>	<b>2,003</b>
<b>Earnings per share</b>				
- Basic (sen)	0.87	0.58	3.51	2.41

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2006.



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the period ended 30 June 2007

	← Attributable to Shareholders of the Company →						Total RM'000	Minority Interests RM'000	Total Equity RM'000
	← Non-Distributable →			Distributable					
	Share Capital RM'000	Share Premium RM'000	Revaluation reserve RM'000	Treasury Shares RM'000	Translation reserve RM'000	Retained profits RM'000			
<b>Balance as at 1 January 2007</b>	89,093	35,876	2,052	(2,507)	(49)	26,309	150,774	562	151,336
Net profit for the period	-	-	-	-	-	3,012	3,012	1	3,013
Treasury shares acquired	-	-	-	(736)	-	-	(736)	-	(736)
<b>Balance as at 30 June 2007</b>	89,093	35,876	2,052	(3,243)	(49)	29,321	153,050	563	153,613
<b>Balance as at 1 January 2006</b>	89,093	35,876	2,077	(961)	-	25,473	151,558	697	152,255
Net profit for the year	-	-	-	-	-	2,116	2,116	(113)	2,003
Treasury shares acquired	-	-	-	(342)	-	-	(342)	-	(342)
Acquisition of minority interest	-	-	-	-	-	-	-	(68)	(68)
<b>Balance as at 30 June 2006</b>	89,093	35,876	2,077	(1,303)	-	27,589	153,332	516	153,848

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2006.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
for the period ended 30 June 2007**

	<b>30 June 2007</b> <b>(RM'000)</b>	<b>30 June 2006</b> <b>(RM'000)</b>
<b><u>Cash flows from operating activities</u></b>		
<b>Profit before tax</b>	3,226	2,521
<b>Adjustment for non-cash flow:-</b>		
- Non-cash items	2,227	2,466
- Non-operating items	3,119	675
	<hr/>	<hr/>
<b>Operating profit before working capital changes</b>	8,572	5,662
<b>Changes in working capital</b>		
- Net change in current assets	4,773	3,485
- Net change in current liabilities	(1,584)	(1,212)
	<hr/>	<hr/>
<b>Cash generated from operations</b>	11,761	7,935
- Net income taxes paid	(733)	(1,161)
- Net interest	(2,515)	(3,702)
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	<hr/> <b>8,513</b>	<hr/> <b>3,072</b>
<b><u>Cash flows from investing activities</u></b>		
- Net equity investments	-	(75)
- Purchase of quoted shares	(250)	-
- Proceeds from disposal of property, plant and equipment	12,338	49,012
- Acquisition of property, plant and equipment	(32,992)	(30,924)
	<hr/>	<hr/>
<b>Net cash (used in)/generated from investing activities</b>	<hr/> <b>(20,904)</b>	<hr/> <b>18,013</b>
<b><u>Cash flows from financing activities</u></b>		
- Net proceeds from/(repayment of) borrowings	13,737	(11,891)
- Repurchase of treasury shares	(736)	(342)
	<hr/>	<hr/>
<b>Net cash generated from/(used in) financing activities</b>	<hr/> <b>13,001</b>	<hr/> <b>(12,233)</b>
<b>Net increase in cash and cash equivalents</b>	610	8,852
<b>Cash and cash equivalents at beginning of the period</b>	<hr/> <b>2,102</b>	<hr/> <b>(15,101)</b>
<b>Cash and cash equivalents at end of the period</b>	<hr/> <b>2,712</b>	<hr/> <b>(6,249)</b>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2006.



## 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 2006 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2007 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 2006. The 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 2006.

#### 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 years beginning on or after 1 January 2007.

The following sets out further information on the changes in accounting policies for the annual accounting year beginning on 1 January 2007 which have been reflected in this interim financial report pursuant to adoption of the FRSs.

##### **(a) Leasehold land held for own use (*FRS 117, Leases*)**

In prior years, the leasehold interest in land held for own use classified as property, plant and equipment, were stated at cost less accumulated depreciation and accumulated impairment losses.

With the adoption of *FRS 117* as from 1 January 2007, the leasehold interest in the land held for own use is accounted for as being held under an operating lease. Such prepaid lease payments are amortised on a straight line basis over the remaining lease term of the land.



**3. Qualification of Audit Report**

The audit report of the financial statements of the Group for the year ended 31 December 2006 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 2007.

**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 2007.

**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 2007 except for the following:

No. of ordinary shares of RM1.00 each as at 1 January 2007	No. of ordinary shares 86,186,255
Less: Repurchase of Company's own ordinary shares	(912,400)
No. of ordinary shares of RM1.00 each as at 30 June 2007	<hr/> <u>85,273,855</u>

During the financial period, the Company repurchased 912,400 of its own ordinary shares from the open market at an average price of RM0.80 per share. The total consideration paid for the repurchase including transaction costs was RM735,551 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. As at 30 June 2007, the total shares bought back all of which are held as treasury shares, amounted to 3,818,900 shares.



**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 2007.

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

There were no major changes in the composition of the Group during the period ended 30 June 2007.

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

There were no material contingent liabilities or contingent assets of the Group as at 30 June 2007.

**14. Capital Commitments**

There are no capital commitments approved and contracted for the purchase of property, plant and equipment as at 30 June 2007.



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

**1. Review of performance**

For the six months ended 30 June 2007, the Group achieved a revenue of RM38 million, which is an increase of RM7 million (24%) as compared to the corresponding period in 2006. In line with the increase in revenue, there is a corresponding increase in profit before tax of 28%.

The improvement in performance is mainly due to the overall increase in student enrolment in the Group's colleges and training centres.

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

The Group recorded a profit after taxation but before minority interest of RM0.7 million for the current quarter compared to RM2.3 million in the previous quarter (1st quarter of 2007). The drop in profitability 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**

For the current year, the Group has further strengthened its position and brand name with the launch of its flagship campus at Kota Damansara, Selangor in the second quarter of the year. With the launch of this state-of-the-art campus, the Group will be introducing a new range of academic courses to cater for students in niche areas such as pharmacy, medical and health sciences, nursing and bio-technology.

With the groundwork firmly established in the previous year and concrete plans made for the growth of the Group, we expect the performance of the Group to be further improved and strengthened.

**4. Profit forecast**

Not applicable.



## 5. Tax Expenses

	Current quarter ended 30 June 2007 (RM'000)	Cumulative quarter ended 30 June 2007 (RM'000)
Current tax expense		
- current	(81)	710
- prior year	(497)	(497)
	<u>(578)</u>	<u>213</u>
Deferred tax expense		
- current	-	-
- prior year	-	-
	<u>-</u>	<u>-</u>
Total	<u>(578)</u>	<u>213</u>

## 6. Unquoted investments and properties

For the quarter under review, the Company disposed a twelve (12) storey building identified as Block B01, Block B, Phileo Damansara 1, for a total consideration of RM6,058,000. This resulted in a loss on disposal of RM141,000.

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

## 7. Quoted investments

Investment in quoted securities as at 30 June 2007:

	Cost (RM'000)	Book value (RM'000)	Market Value (RM'000)
Total quoted securities	3,510	3,510	1,400
Less : Diminution in value	-	(116)	-
Balance as at 30 June 2007	<u>3,510</u>	<u>3,394</u>	<u>1,400</u>



## 8. Status of corporate proposal announced

- a) On 30 June 2006, the Company entered into a Sale and Purchase Agreement (“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.

Subsequently, the SPA with MSB was revoked via a Deed of Revocation dated 5 February 2007. Simultaneously, the Company entered into a new SPA with Yasmin Holdings Sdn Bhd (“YHSB”) for the proposed disposal of the same at the cash consideration of RM6.1 million. The sale has been completed in the quarter under review.

- b) On 8 June 2007, the Company proposed a sale and leaseback of its property located at No. 9, Jalan Teknologi, Taman Sains Selangor, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan (“KD Campus”) to AmanahRaya-JMF Management Sdn Bhd, the management company of Amanah Raya REIT, for a cash consideration of RM145 million.

The completion of the Proposed Sale and Leaseback of KD Campus is pending the execution of the SPA and obtaining approval from the relevant authorities and shareholders.

## 9. Borrowing and debt securities

	30 June 2007 (RM'000)
Current	
- Secured	10,006
- Unsecured	40,000
	<hr/> 50,006
Non-current	
- Secured	61,527
- Unsecured	20,000
	<hr/> 81,527
	<hr/> <b>131,533</b>

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 27 August 2007.



### 11. Changes in material litigation

There are no pending material litigations as at 27 August 2007.

### 12. Dividend

As at 30 June 2007, no interim dividend has been declared for the financial period under review.

### 13. Earnings per share

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

#### *Basic earnings per share*

	Current Quarter Ended 30/06/2007 (RM'000)	Comparative Quarter Ended 30/06/2006 (RM'000)	Cumulative to-date 30/06/2007 (RM'000)	Cumulative to-date 30/06/2006 (RM'000)
<b>Earnings</b>				
Profit for the period	754	425	3,013	2,003
Amount attributable to minority interests	(6)	80	(1)	113
Profit for the period attributable to the shareholders of the Company	748	505	3,012	2,116
	('000)	('000)	('000)	('000)
<b>Weighted average number of ordinary shares</b>	85,884	87,775	85,923	87,883
<b>Basic earnings per share (sen)</b>	0.87	0.58	3.51	2.41

#### *Diluted earnings per share*

Not applicable as the Company's Employees Share Options Scheme (ESOS) has expired.