



SEG INTERNATIONAL BHD

(145998-U)

SUMMARY OF KEY FINANCIAL INFORMATION 30 JUNE 2011

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/06/2011	30/06/2010	30/06/2011	30/06/2010
	RM'000	RM'000	RM'000	RM'000
1 Revenue	69,236	52,571	137,706	104,866
2 Profit before tax	22,722	13,778	45,846	26,942
3 Profit for the period	18,255	10,850	36,515	20,886
4 Profit attributable to ordinary equity holders of the parent	18,132	10,802	36,254	20,310
5 Basic earnings per share (sen)	7.15	4.33 *	14.50	8.17 *
6 Proposed/Declared dividend per share (sen)	-	-	14.00	-
			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)			0.7713	0.8301 *

ADDITIONAL INFORMATION

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/06/2011	30/06/2010	30/06/2011	30/06/2010
	RM'000	RM'000	RM'000	RM'000
1. Gross interest income	326	148	687	246
2. Gross interest expense	(136)	(325)	(443)	(677)

* Restated for the effects of share split from RM1.00 per ordinary share to RM0.50 per ordinary share and bonus issue of 2:5.



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011

	As at 30 June 2011 (RM'000)	As at 31 Dec 2010 (RM'000)
ASSETS		
NON-CURRENT ASSETS		
Investment in associates	4,944	4,760
Property, plant and equipment	105,647	100,113
Other receivables	1,816	2,425
Intangible assets	27,535	27,679
Available-for-sale financial assets	1,174	2,734
Deferred tax assets	3,010	3,174
	<u>144,126</u>	<u>140,885</u>
CURRENT ASSETS		
Inventories	30	30
Receivables, deposits and prepayments	39,680	37,572
Tax recoverable	4,886	5,720
Cash and cash equivalents	59,323	78,831
	<u>103,919</u>	<u>122,153</u>
TOTAL ASSETS	<u>248,045</u>	<u>263,038</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	133,885	125,623
Treasury shares	(29,949)	(16,693)
Reserves	94,163	93,654
	<u>198,099</u>	<u>202,584</u>
NON-CONTROLLING INTERESTS	1,160	899
TOTAL EQUITY	<u>199,259</u>	<u>203,483</u>
LIABILITIES		
NON-CURRENT LIABILITIES		
Long-term borrowings	5,497	10,831
Deferred tax liabilities	2,408	2,487
	<u>7,905</u>	<u>13,318</u>
CURRENT LIABILITIES		
Payables and accruals	34,528	38,607
Short-term borrowings	3,413	7,170
Provision for taxation	2,940	460
	<u>40,881</u>	<u>46,237</u>
TOTAL LIABILITIES	<u>48,786</u>	<u>59,555</u>
TOTAL EQUITY AND LIABILITIES	<u>248,045</u>	<u>263,038</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2010.



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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the period ended 30 June 2011

	Current Period 3 months ended 30-June		Cumulative Period 6 months ended 30-June	
	2011 (RM'000)	2010 (RM'000)	2011 (RM'000)	2010 (RM'000)
Revenue - services	69,236	52,571	137,706	104,866
Cost of services	(16,606)	(13,367)	(32,500)	(26,281)
Gross profit	52,630	39,204	105,206	78,585
Other income	5,747	5,160	11,562	7,108
Distribution expenses	(8,048)	(5,604)	(13,605)	(8,854)
Administrative expenses	(12,238)	(9,309)	(26,703)	(22,547)
Other expenses	(15,233)	(14,930)	(30,357)	(27,140)
Finance costs	(136)	(325)	(443)	(677)
Share of profit of associate	-	(418)	186	467
Profit before taxation	22,722	13,778	45,846	26,942
Tax - company and subsidiaries	(4,467)	(3,021)	(9,329)	(6,107)
Tax - associate	-	93	(2)	51
Income tax expense	(4,467)	(2,928)	(9,331)	(6,056)
Profit after taxation	18,255	10,850	36,515	20,886
Attributable to :				
Equity holders of the Company	18,132	10,802	36,254	20,310
Non-Controlling interests	123	48	261	576
	18,255	10,850	36,515	20,886
Other comprehensive income, net of tax				
Available-for-sale financial asset - fair value gain	(242)	269	(268)	404
Foreign currency translation differences for foreign operations	47	(8)	16	(266)
Total comprehensive income for the period	18,060	11,111	36,263	21,024
Total comprehensive income, attributable to :				
Equity holders of the Company	17,937	11,063	36,002	20,448
Non-Controlling interests	123	48	261	576
	18,060	11,111	36,263	21,024
Earnings per share attributable to equity holders of the Company (sen):-				
- Basic	7.15	4.33 *	14.50	8.17 *
- Fully diluted	5.49	N/A	11.15	N/A

* Restated for the effects of share split from RM1.00 per ordinary share to RM0.50 per ordinary share and bonus issue of 2:5.

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2010.



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW for the period ended 30 June 2011

	30 June 2011 (RM'000)	30 June 2010 (RM'000)
<u>Cash flows from operating activities</u>		
Profit before tax	45,846	26,942
Adjustment for:-		
- Non-cash items	4,819	5,479
- Non-operating items	(1,254)	757
Operating profit before working capital changes	49,411	33,178
Changes in working capital		
- Net change in trade and other receivables	(1,476)	(3,884)
- Net change in trade and other payables	(7,207)	(670)
Cash from operations	40,728	28,624
- Net income taxes paid	(5,930)	(4,066)
- Interest paid	(443)	(677)
Net cash from operating activities	34,355	23,881
<u>Cash flows from investing activities</u>		
- Net cash outflow from acquisition of subsidiaries	(58)	-
- Proceeds from disposal of property, plant and equipment	61	130
- Purchase of property, plant and equipment	(4,955)	(5,209)
- Proceeds from disposal quoted shares	1,433	-
- Interest received	687	246
Net cash used in investing activities	(2,832)	(4,833)
<u>Cash flows from financing activities</u>		
- Net repayment of borrowings	(11,370)	(2,879)
- Purchase of own shares	(13,256)	-
- Proceeds from disposal of own shares	-	3,264
- Proceeds from new shares, net of expenses	17,350	-
- Dividends paid	(43,755)	(121)
Net cash (used in)/from financing activities	(51,031)	264
Net (decrease)/ increase in cash and cash equivalents	(19,508)	19,312
Cash and cash equivalents at beginning of the period	78,831	36,898
Cash and cash equivalents at end of the period	59,323	56,210

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2010.



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the period ended 30 June 2011

	← Attributable to Shareholders of the Company →										Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Available-for- sale Financial Assets Reserve RM'000	Revaluation Reserve RM'000	Retained Profits RM'000	Exchange Translation Reserve RM'000	Treasury Shares RM'000	Total RM'000	Non- Controlling Interests RM'000	
Balance as at 1 January 2011	125,623	956	6,147	275	1,952	85,716	(1,392)	(16,693)	202,584	899	203,483
Total comprehensive income for the period	-	-	-	(268)	-	36,254	16	-	36,002	261	36,263
Issuance of new shares from exercise of warrants	8,262	9,088	(826)	-	-	-	-	-	16,524	-	16,524
Purchase of own shares	-	-	-	-	-	-	-	(13,256)	(13,256)	-	(13,256)
Dividends paid	-	-	-	-	-	(43,755)	-	-	(43,755)	-	(43,755)
Balance as at 30 June 2011	133,885	10,044	5,321	7	1,952	78,215	(1,376)	(29,949)	198,099	1,160	199,259
Balance as at 1 January 2010 (as previously stated)	89,093	35,876	-	-	1,977	44,993	(429)	(2,355)	169,155	839	169,994
Effects of adopting FRS 139 (as adjusted)	-	-	-	(1,054)	-	(931)	-	-	(1,985)	-	(1,985)
Total comprehensive income for the period	-	-	-	404	-	20,310	(266)	-	20,448	576	21,024
Disposal of own shares	-	-	-	-	-	909	-	2,355	3,264	-	3,264
Dividends paid	-	-	-	-	-	-	-	-	-	(121)	(121)
Balance as at 30 June 2010	89,093	35,876	-	(650)	1,977	65,281	(695)	-	190,882	1,294	192,176

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2010.



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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 Bursa Malaysia Securities Berhad.

The interim financial report has been prepared in accordance with the accounting policies adopted in the 2010 annual financial statements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2010. 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 2010.

2. **Significant accounting policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010, except for the adoption of the following new and revised Financial Reporting Standards (“FRSs”), Amendments to FRSs and IC Interpretations with effect from 1 January 2011:

FRSs, Amendments to FRSs and IC Interpretations

FRS 1 (Revised) First-time Adoption of Financial Reporting Standards

FRS 3 (Revised) Business Combinations

FRS 127 (Revised) Consolidated and Separate Financial Statements

Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 1: Additional Exemptions for First-time Adopters

Amendments to FRS 2: Scope of FRS 2 and Revised FRS 3 (2010)

Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions

Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary

Amendments to FRS 7: Improving Disclosures about Financial Instruments

Amendments to FRS 138: Consequential Amendments Arising from Revised FRS 3 (2010)

Amendments to IC Interpretation 9 Scope of IC Interpretation 9 and FRS 3 (Revised)



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IC Interpretation 4 Determining Whether An Arrangement Contains a Lease

IC Interpretation 12 Service Concession Arrangements

IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17 Distributions of Non-cash Assets to Owners

IC Interpretation 18 Transfers of Assets from Customers

IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments Transfers of Assets from Customers

Annual Improvements to FRSs (2010)

3. Qualification of Audit Report

The audit report of the financial statements of the Group for the year ended 31 December 2010 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 2011.

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 2011.

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 2011 except for the following:



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	No. of ordinary shares
No. of ordinary shares of RM0.50 each as at 1 January 2011	244,062,314
Add: Issue of shares from exercise of warrants	16,522,660
	<hr/>
	260,584,974
Less: Repurchase of Company's own ordinary shares	(3,747,400)
No. of ordinary shares of RM0.50 each as at 30 June 2011	<hr/>
	256,837,574

During the previous quarter, the Company:

- (i) Purchased 2,987,400 of its own ordinary shares from the open market at an average price of RM3.48 per share;
- (ii) Issued 8,849,360 new ordinary shares of RM0.50 each pursuant to the exercise of warrants.

During the current quarter, the Company:

- (i) Purchased 760,000 of its own ordinary shares from the open market at an average price of RM3.68 per share;
- (ii) Issued 7,673,300 new ordinary shares of RM0.50 each pursuant to the exercise of warrants.

The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965. As at 30 June 2011, the total shares bought back, all of which are held as treasury shares, amounted to 10,931,900 shares.

8. Dividends paid

The Board of Directors declared a special dividend of RM0.14 per ordinary share of RM0.50 each in respect of the financial year ending 31 December 2011. The special dividend, less income tax of 25%, amounting to RM25,914,000, was paid on 18 February 2011.

The Company paid a final single tier dividend of RM0.07 per ordinary share of RM0.50 each in respect of the financial year ended 31 December 2010. The final single tier dividend amounting to RM17,841,000, was paid on 27 May 2011.

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.



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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 2011.

12. Changes in composition of the Group

There were no major changes in the composition of the Group during the current quarter ended 30 June 2011, except the followings:

- a) On 2 June 2011, the Company through its wholly-owned subsidiary, Summit Early Childhood Edu-Care Sdn Bhd, entered into a conditional Share Sale Agreement to dispose 22.22% of the issued and paid-up share capital of RM1.00 each of an associate company, Eduspec Sdn Bhd, for a total consideration of RM5 million, to be satisfied by 33,333,333 ordinary shares of RM0.10 each in Eduspec Holdings Berhad, at an issue price of RM0.15 per share. The sale is pending the approval of the shareholders of Eduspec Holdings Berhad in a general meeting; and
- b) The Company through its wholly-owned subsidiary, SEG Equity Sdn Bhd, acquired 2 ordinary shares of RM1.00 each, representing 100% equity interest in Jana Daiman Sdn Bhd for a total cash consideration of RM2.00.

During the previous quarter, the following were acquired by the Group:

- c) The Company through its wholly-owned subsidiary, SEG International Group Sdn Bhd, acquired 100,000 ordinary shares of RM1.00 each, representing 100% equity interest in Platinum Icon Sdn Bhd for a total cash consideration of RM100,000.
- d) The Company through its wholly-owned subsidiary, SEG International Group Sdn Bhd, acquired 100,000 ordinary shares of RM1.00 each, representing 100% equity interest in Milenium Optima Sdn Bhd for a total cash consideration of RM100,000.

13. Changes in contingent liabilities or contingent assets

There were no material contingent liabilities or contingent assets of the Group as at 30 June 2011.

14. Capital Commitments

There were no material capital commitments approved and contracted for as at 30 June 2011.



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

1. Review of performance

For the six-month period ended 30 June 2011, the Group achieved a revenue of RM137.7 million and a profit before tax of RM45.8 million, an improvement of 31.3% and 70.2% respectively, as compared to the corresponding period in 2010.

The improvement in performance is generally due to the increase in student enrolments of the Group's institutions.

2. Variation of results against preceding quarter

The Group recorded a profit before taxation and minority interest of RM22.7 million for the quarter under review compared to RM23.1 million in the preceding quarter.

3. Prospects for the year

The Group has been recording marked improvement in student numbers and profitability. This trend is expected to continue in the foreseeable future as the Group has put in place a firm foundation and strategy for sustainable growth. Quality niche academic programmes will be introduced continually by the Group backed by a strong management and academic team.

4. Profit forecast

Not applicable.

5. Tax Expenses

	Current quarter ended 30 June 2011 (RM'000)	Cumulative period ended 30 June 2011 (RM'000)
Current tax expense		
- current	4,520	9,209
- prior year	46	46
	<u>4,566</u>	<u>9,255</u>
Deferred tax expense/(benefits)		
- current	(74)	101
- prior year	(25)	(25)
	<u>(99)</u>	<u>76</u>
Total	<u>4,467</u>	<u>9,331</u>



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6. Unquoted investments and properties

During the quarter under review, there were no disposals of unquoted investments and properties.

7. Quoted investments

The investment in quoted securities as at 30 June 2011:

	<u>(RM'000)</u>
At Cost	1,428
At Carrying value	1,174
At Market value	1,174

During the quarter under review, the Group disposed quoted shares for a cash consideration of RM1,433,000. This resulted in a gain on disposal of RM141,000.

8. Status of corporate proposal announced

During the current quarter, the Company announced the following corporate proposals:

- a) The proposed share split involving the subdivision of every one (1) existing ordinary share of RM0.50 each into two (2) ordinary shares of RM0.25 each in the Company and;
- b) The proposed amendment to the Memorandum and Articles of Association of the Company to facilitate the Proposed Share Split.

The above proposals were approved by the shareholders of the Company at the Extraordinary General Meeting on 28 June 2011 and subsequently completed on 13 July 2011.

On 23 February 2011, the Company announced the private placement of up to ten percent (10%) of the issued and paid-up share capital of the Company's ordinary shares at the point of implementation. This proposal was subsequently approved by Bursa Malaysia Securities Berhad on 8 March 2011. No shares have been placed out under this proposal as of 27 July 2011.



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9. Borrowing and debt securities

The Group's borrowings as at 30 June 2011 are as follows:

	<u>(RM'000)</u>
Current	3,413
Non-current	5,497
	<u>8,910</u>

The above borrowings are secured and denominated in Ringgit Malaysia.

10. Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at 27 July 2011.

11. Changes in material litigation

There were no pending material litigations as at 27 July 2011.

12. Dividends

The Board of Directors declared a special dividend of RM0.14 per ordinary share of RM0.50 each in respect of the financial year ending 31 December 2011. The special dividend, less income tax of 25%, amounting to RM25,914,000, was paid on 18 February 2011.

The Company paid a final single tier dividend of RM0.07 per ordinary share of RM0.50 each in respect of the financial year ended 31 December 2010. The final single tier dividend amounting to RM17,841,000, was paid on 27 May 2011.



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13. Retained Profits

The breakdown of retained profits of the Group as at reporting date, into realised and unrealised is as follows:

	Current quarter ended 30 June 2011 (RM'000)	Cumulative period ended 30 June 2011 (RM'000)
Retained profits of the Group		
- realised	33	72,131
- unrealised	89	1,231
	<u>122</u>	<u>73,362</u>
Share of retained profits from associates		
- realised	-	1,294
- unrealised	-	-
	<u>-</u>	<u>1,294</u>
Total before consolidation adjustments		
- realised	33	73,425
- unrealised	89	1,231
	<u>122</u>	<u>74,656</u>
Add: consolidation adjustments	169	3,559
		<u>78,215</u>
Total retained profits as per consolidated accounts	<u>291</u>	<u>78,215</u>



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14. 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. The comparative weighted number of ordinary shares in issue were adjusted for the share split and bonus issue.

Basic earnings per share

	Current Quarter Ended 30/6/2011 (RM'000)	Comparative Quarter Ended 30/6/2010 (RM'000)	Cumulative to-date 30/6/2011 (RM'000)	Cumulative to-date 30/6/2010 (RM'000)
Earnings				
Profit for the period	18,255	10,850	36,515	20,886
Amount attributable to non-controlling interests	(123)	(48)	(261)	(576)
Profit for the period attributable to the equity holders of the Company	18,132	10,802	36,254	20,310
Weighted average number of ordinary shares as previously reported ('000)	-	89,093	-	88,602
Basic earnings per share as previously reported (sen)	-	12.12	-	22.92
Weighted average number of ordinary shares, adjusted for share split and bonus issue ('000)	253,742	249,460	250,101	248,478
Basic earnings per share, adjusted for share split and bonus issue (sen)	7.15	4.33	14.50	8.17



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Diluted earnings per share

	Current Quarter Ended 30/6/2011 (RM'000)	Cumulative to-date 30/6/2011 (RM'000)
Earnings		
Profit for the period	18,255	36,515
Amount attributable to non-controlling interests	(123)	(261)
Profit for the period attributable to the equity holders of the Company	18,132	36,254
Weighted average number of ordinary shares, adjusted for share split and bonus issue ('000)	253,742	250,101
Effect of dilution ('000)		
- Warrants	76,690	75,156
Adjusted weighted average number of ordinary shares ('000)	330,433	325,257
Diluted earnings per share (sen)	5.49	11.15

15. Comparative Figures

Comparative figures, where applicable, have been modified to conform to the current quarter presentation.