



SEG INTERNATIONAL BHD

(145998-U)

**SUMMARY OF KEY FINANCIAL INFORMATION
30 JUNE 2013**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/6/2013	30/6/2012	30/6/2013	30/6/2012
	RM'000	RM'000	RM'000	RM'000
1 Revenue	57,905	80,187	113,730	158,006
2 Profit before tax	17,864	24,733	19,081	51,674
3 Profit for the period	17,069	20,077	17,951	41,844
4 Profit attributable to ordinary equity holders of the parent	17,482	20,126	18,474	42,023
5 Basic earnings per share (sen)	2.74	3.59	2.88	7.69
6 Proposed/Declared dividend per share of RM0.25 each (sen)	-	-	5.00	-
			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)			0.3969	0.4177

ADDITIONAL INFORMATION

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/6/2013	30/6/2012	30/6/2013	30/6/2012
	RM'000	RM'000	RM'000	RM'000
1. Gross interest income	467	261	961	545
2. Gross interest expense	(53)	(134)	(109)	(277)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**At 30 June 2013**

	As at 30 June 2013 (RM'000)	As at 31 Dec 2012 (RM'000)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	188,451	170,937
Intangible assets	27,950	27,959
Other investments	990	3,753
Deferred tax assets	3,259	3,259
	<u>220,650</u>	<u>205,908</u>
CURRENT ASSETS		
Inventories	36	26
Receivables	50,646	60,685
Tax refundable	16,043	11,270
Other investments	1,836	-
Cash and cash equivalents	37,168	108,287
	<u>105,729</u>	<u>180,268</u>
TOTAL ASSETS	<u>326,379</u>	<u>386,176</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	166,858	166,219
Treasury shares	(37,477)	(37,475)
Reserves	125,191	138,128
	<u>254,572</u>	<u>266,872</u>
NON-CONTROLLING INTERESTS	(127)	396
TOTAL EQUITY	<u>254,445</u>	<u>267,268</u>
LIABILITIES		
NON-CURRENT LIABILITIES		
Long-term borrowings	44,525	45,254
Deferred tax liabilities	2,039	2,039
	<u>46,564</u>	<u>47,293</u>
CURRENT LIABILITIES		
Payables	22,821	36,144
Short-term borrowings	1,847	2,724
Current tax liabilities	702	805
Dividend payable	-	31,942
	<u>25,370</u>	<u>71,615</u>
TOTAL LIABILITIES	<u>71,934</u>	<u>118,908</u>
TOTAL EQUITY AND LIABILITIES	<u>326,379</u>	<u>386,176</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2012.



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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
for the period ended 30 June 2013

	Current Period 3 months ended 30-June		Cumulative Period 6 months ended 30-June	
	2013 (RM'000)	2012 (RM'000)	2013 (RM'000)	2012 (RM'000)
Revenue - services	57,905	80,187	113,730	158,006
Cost of services	(20,208)	(20,525)	(40,137)	(38,469)
Gross profit	37,697	59,662	73,593	119,537
Other income	18,770	4,142	21,290	8,585
Distribution expenses	(8,642)	(8,637)	(16,606)	(15,986)
Administrative expenses	(13,855)	(13,985)	(26,288)	(27,900)
Other expenses	(16,053)	(16,315)	(32,799)	(32,285)
Finance costs	(53)	(134)	(109)	(277)
Profit before taxation	17,864	24,733	19,081	51,674
Income tax expense	(795)	(4,656)	(1,130)	(9,830)
Profit after taxation	17,069	20,077	17,951	41,844
Attributable to :				
Equity holders of the Company	17,482	20,126	18,474	42,023
Non-Controlling interests	(413)	(49)	(523)	(179)
	17,069	20,077	17,951	41,844
Other comprehensive income, net of tax				
Available-for-sale financial asset - fair value gain/(loss)	60	(10)	70	20
Foreign currency translation differences for foreign operations	(38)	1	(58)	(47)
Total comprehensive income for the period	17,091	20,068	17,963	41,817
Total comprehensive income, attributable to :				
Equity holders of the Company	17,504	20,117	18,486	41,996
Non-Controlling interests	(413)	(49)	(523)	(179)
	17,091	20,068	17,963	41,817
Earnings per share attributable to equity holders of the Company (sen):-				
- Basic	2.74	3.59	2.88	7.69
- Fully diluted	2.47	3.18	2.60	6.78

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2012.



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW for the period ended 30 June 2013

	30 June 2013 (RM'000)	30 June 2012 (RM'000)
<u>Cash flows from operating activities</u>		
Profit before tax	19,081	51,674
Adjustment for:-		
- Non-cash items	7,600	4,746
- Non-operating items	(16,649)	(163)
Operating profit before working capital changes	10,032	56,257
Changes in working capital		
- Net change in inventories	(10)	3
- Net change in trade and other receivables	8,173	(35,858)
- Net change in trade and other payables	(13,273)	(9,331)
Cash from operations	4,922	11,071
- Net income taxes paid	(6,057)	(6,955)
- Interest paid	(109)	(277)
Net cash (used in)/from operating activities	(1,244)	3,839
<u>Cash flows from investing activities</u>		
- Proceeds from disposal of property, plant and equipment	-	150
- Purchase of property, plant and equipment	(7,534)	(4,689)
- Proceeds from disposal quoted shares	994	-
- Dividend received	38	36
- Interest received	961	545
Net cash used in investing activities	(5,541)	(3,958)
<u>Cash flows from financing activities</u>		
- Repayment of borrowings	(1,606)	(1,624)
- Purchase of own shares	(2)	(2)
- Proceeds from new shares, net of expenses	1,278	52,300
- Dividends paid	(64,004)	(53,263)
Net cash used in financing activities	(64,334)	(2,589)
Net decrease in cash and cash equivalents	(71,119)	(2,708)
Cash and cash equivalents at beginning of the period	108,287	87,155
Cash and cash equivalents at end of the period	37,168	84,447

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2012.



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2013

	← Non-Distributable					→ Distributable					
	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Available-for- sale Financial Assets Reserve RM'000	Exchange Translation Reserve RM'000	Treasury Shares RM'000	Revaluation Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance as at 1 January 2013	166,219	45,612	2,087	(20)	476	(37,475)	-	89,973	266,872	396	267,268
Total comprehensive income for the financial period	-	-	-	70	(58)	-	-	18,474	18,486	(523)	17,963
Issuance of shares from exercise of warrants	639	702	(63)	-	-	-	-	-	1,278	-	1,278
Purchase of own shares	-	-	-	-	-	(2)	-	-	(2)	-	(2)
Dividends	-	-	-	-	-	-	-	(32,062)	(32,062)	-	(32,062)
Balance as at 30 June 2013	<u>166,858</u>	<u>46,314</u>	<u>2,024</u>	<u>50</u>	<u>418</u>	<u>(37,477)</u>	<u>-</u>	<u>76,385</u>	<u>254,572</u>	<u>(127)</u>	<u>254,445</u>
Balance as at 1 January 2012 (as previously reported)	139,674	16,412	4,742	(1,374)	(1,188)	(37,471)	1,927	61,037	183,759	762	184,521
Effects of adopting MFRS (as adjusted)	-	-	-	-	1,392	-	(1,927)	535	-	-	-
	<u>139,674</u>	<u>16,412</u>	<u>4,742</u>	<u>(1,374)</u>	<u>204</u>	<u>(37,471)</u>	<u>-</u>	<u>61,572</u>	<u>183,759</u>	<u>762</u>	<u>184,521</u>
Total comprehensive income for the financial period	-	-	-	20	(47)	-	-	42,023	41,996	(179)	41,817
Issuance of shares from exercise of warrants	26,150	28,765	(2,615)	-	-	-	-	-	52,300	-	52,300
Purchase of own shares	-	-	-	-	-	(2)	-	-	(2)	-	(2)
Balance as at 30 June 2012	<u>165,824</u>	<u>45,177</u>	<u>2,127</u>	<u>(1,354)</u>	<u>157</u>	<u>(37,473)</u>	<u>-</u>	<u>103,595</u>	<u>278,053</u>	<u>583</u>	<u>278,636</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 2012.



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Notes to interim financial report

A. **DISCLOSURE REQUIREMENTS AS PER MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134**

1. **Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with the reporting requirements of MFRS 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 2012 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 2012. 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 2012.

2. **Significant accounting policies**

2.1 Adoption of Standards, Amendments and Issues Committee (IC) Interpretations and changes in accounting policies

Adoption of Standards, Amendments and IC Interpretations

The Group adopted the following Standards, Amendments and IC Interpretations:-

MFRS 3	Business Combinations
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (revised)
MFRS 127	Consolidated and Separate Financial Statements (revised)
MFRS 128	Investments in Associates and Joint Ventures (revised)
Amendments to MFRS 1	First-time Adoption of MFRS - Government Loans



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Amendments to MFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income

Annual Improvements to IC Interpretations and MFRSs 2009-2011 Cycle

The adoption of the above Standards and Interpretations will have no significant financial impact on the financial statements of the Group.

2.2 Standards, Amendments and IC Interpretation issued but not yet effective

The following MFRSs and IC Interpretations have been issued by the MASB and are not yet effective.

MFRSs, Amendments to MFRSs and IC Interpretations		Effective for annual periods beginning on or after
Amendments to MFRS 10, MFRS 12 and MFRS 127	Consolidated Financial Statements: Investment Entities	1 January 2014
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 9	Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015

3. Qualification of Audit Report

The audit report of the financial statements of the Group for the year ended 31 December 2012 was not qualified.



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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 2013.

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 2013.

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 2013 except for the following:

	No. of ordinary shares
No. of ordinary shares net of treasury shares as at 1 January 2013	638,836,448
Add: Issue of shares from exercise of warrants	2,553,240
	<hr/>
	641,389,688
Less: Purchase of Company's own ordinary shares	(1,000)
No. of ordinary shares net of treasury shares as at 30 June 2013	<hr/>
	641,388,688

During the previous quarter, the Company:

- (i) Issued 2,406,120 new ordinary shares pursuant to the exercise of warrants.
- (ii) Repurchased 1,000 of its own ordinary shares from the open market at an average price of RM1.61 per share.

During the current quarter, the Company:

- (i) Issued 147,120 new ordinary shares 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 2013, the total shares bought back, all of which are held as treasury shares, amounted to 26,042,600 shares of RM0.25 each.



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8. Dividends paid

During the previous financial year, the Board of Directors declared an interim single tier dividend of RM0.05 per ordinary share of RM0.25 each in respect of the financial year ended 31 December 2012. This interim single tier dividend amounting to RM31,942,000 was paid on 8 January 2013.

On 6 March 2013, the Board of Directors declared an interim single tier dividend of RM0.05 per ordinary share of RM0.25 each in respect of the financial year ending 31 December 2013. This interim single tier dividend amounting to RM32,062,000 was paid on 25 April 2013.

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. 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 2013.

11. Changes in composition of the Group

There were no major changes in the composition of the Group during the current quarter ended 30 June 2013.

12. Changes in contingent liabilities or contingent assets

There were no material contingent liabilities or contingent assets of the Group as at 30 June 2013.

13. Capital Commitment

Material capital commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at the end of the financial period were as follows:

Property, Plant and Equipment	RM'm
Approved but not contracted for	100.0



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

1. Review of performance

For the period ended 30 June 2013, the Group achieved a revenue of RM113.7 million and a profit before taxation of RM19.0 million, a decline of 28.0% and 63.1% respectively, as compared to the corresponding period in 2012.

The decline in profits as compared to the previous financial year corresponding period is mainly attributed to the high number of graduating students and the delay in arrival of international students following the establishment of Education Malaysia Global Services (EMGS) agency.

Other income has increased due to the gain from disposal of land of RM15.8 million at Kota Damansara recognised upon completion of the transaction.

2. Variation of results against preceding quarter

The Group recorded a profit before taxation of RM17.9 million for the quarter under review compared to a profit before taxation of RM1.2 million in the preceding quarter. The improvement is mainly due to improvement in enrolments and gain from disposal of land.

3. Prospects for 2013

The Group has launched a number of new initiatives in 2013 which are expected to improve the income stream for the coming financial quarters.

4. Profit forecast

Not applicable.



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5. Notes to the Consolidated Statement of Comprehensive Income

Profit before taxation is arrived at after charging/(crediting):

	Current Quarter Ended 30/6/2013 (RM'000)	Comparative Quarter Ended 30/6/2012 (RM'000)	Cumulative to-date 30/6/2013 (RM'000)	Cumulative to-date 30/6/2012 (RM'000)
Allowance for impairment on:				
- trade receivables	1,639	-	1,639	-
Amortisation of development costs	30	26	46	51
Bad debts written off	133	-	227	-
Depreciation expense	2,998	2,427	5,795	4,810
Interest income	(467)	(261)	(961)	(545)
Gain on foreign exchange	(38)	(5)	(41)	(20)
Loss on disposal of quoted investment	3	-	3	-
Gain on disposal of land	(15,772)	-	(15,772)	-

6. Tax Expenses

	Current quarter ended 30 June 2013 (RM'000)	Cumulative year ended 30 June 2013 (RM'000)
Current tax expense		
- current	795	1,130
- prior year	-	-
Total	795	1,130

7. Status of corporate proposal announced

There were no corporate proposals announced but not completed as at 19 August 2013.

8. Borrowing and debt securities

The Group's borrowings as at 30 June 2013 are as follows:

	(RM'000)
Current	1,847
Non-current	44,525
	<u>46,372</u>

The above borrowings are secured and denominated in Ringgit Malaysia.

9. Changes in material litigation

There were no pending material litigations as at 19 August 2013.



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10. Dividend

On 6 March 2013, the Board of Directors declared an interim single tier dividend of RM0.05 per ordinary share of RM0.25 each in respect of the financial year ending 31 December 2013. This interim single tier dividend amounting to RM32,062,000 was paid on 25 April 2013.

11. 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 2013 (RM'000)	Cumulative period ended 30 June 2013 (RM'000)
Retained profits of the Group		
- realised	(27,904)	58,035
- unrealised	(1,678)	1,600
	(29,582)	59,635
Add: consolidation adjustments	15,001	16,750
Total retained profits as per consolidated accounts	(14,581)	76,385



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12. 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.

Basic earnings per share

	Current Quarter Ended 30/6/2013 (RM'000)	Comparative Quarter Ended 30/6/2012 (RM'000)	Cumulative to-date 30/6/2013 (RM'000)	Cumulative to-date 30/6/2012 (RM'000)
Earnings				
Profit after taxation	17,069	20,077	17,951	41,844
Amount attributable to non-controlling interests	413	49	523	179
Profit after taxation attributable to the equity holders of the Company	17,482	20,126	18,474	42,023
Weighted average number of ordinary shares ('000)	638,867	560,055	640,838	546,569
Basic earnings per share (sen)	2.74	3.59	2.88	7.69

Diluted earnings per share

Earnings				
Profit after taxation	17,069	20,077	17,951	41,844
Amount attributable to non-controlling interests	413	49	523	179
Profit after taxation attributable to the equity holders of the Company	17,482	20,126	18,474	42,023
Weighted average number of ordinary shares ('000)	638,867	560,055	640,838	546,569
Effect of dilution ('000) - Warrants	68,673	72,962	69,031	73,140
Weighted average number of ordinary shares ('000)	707,540	633,017	709,869	619,709
Diluted earnings per share (sen)	2.47	3.18	2.60	6.78