



SEG
International
Bhd

(145998-U)

SUMMARY OF KEY FINANCIAL INFORMATION
31 DECEMBER 2015

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	RM'000	RM'000	RM'000	RM'000
1 Revenue	59,383	58,764	253,183	242,012
2 Profit before tax	(156)	3,252	26,797	24,412
3 Profit for the year	183	4,640	23,896	23,128
4 Profit attributable to ordinary equity holders of the parent	183	4,677	24,046	23,363
5 Basic earnings per share (sen)	0.03	0.72	3.43	3.63
6 Proposed/Declared dividend per share of RM0.25 each (sen)	-	6.00	7.00	11.00
			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)			0.3043	0.3286

ADDITIONAL INFORMATION

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	RM'000	RM'000	RM'000	RM'000
1. Gross interest income	282	317	1,057	1,109
2. Gross interest expense	(44)	(583)	(929)	(2,215)



SEG
International
Bhd

(145998-U)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2015

	Current Period		Cumulative Period	
	3 months ended		12 months ended	
	31-December		31-December	
	2015	2014	2015	2014
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue - services	59,383	58,764	253,183	242,012
Cost of services	(23,737)	(17,447)	(80,047)	(71,935)
Gross profit	35,646	41,317	173,136	170,077
Other income	3,324	3,469	11,139	14,946
	38,970	44,786	184,275	185,023
Distribution expenses	(5,966)	(6,741)	(26,039)	(29,887)
Administrative expenses	(14,588)	(14,750)	(60,373)	(57,205)
Other expenses	(18,408)	(19,341)	(69,639)	(70,809)
Finance costs	(44)	(38)	(159)	(130)
Profit before taxation from continuing operations	(36)	3,916	28,065	26,992
Income tax expense	339	1,388	(2,901)	(1,284)
Profit after taxation from continuing operations	303	5,304	25,164	25,708
Discontinued operation				
Loss from discontinued operation, net of tax	(120)	(664)	(1,268)	(2,580)
Profit after taxation	183	4,640	23,896	23,128
Profit/(loss) attributable to:				
Equity holders of the Company	183	4,677	24,046	23,363
Non-controlling interests	-	(37)	(150)	(235)
	183	4,640	23,896	23,128
Other comprehensive income:				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Fair value gain on available-for-sale financial assets	40	(70)	40	(170)
Foreign currency translation reserve	(1,880)	661	(948)	622
Total comprehensive income for the year	(1,657)	5,231	22,988	23,580
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	(1,657)	5,268	23,138	23,815
Non-controlling interests	-	(37)	(150)	(235)
	(1,657)	5,231	22,988	23,580
Earnings per share attributable to equity holders of the Company (sen):-				
- Basic	0.03	0.72	3.43	3.63
- Fully diluted	-	0.68	-	3.41

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2014.



SEG
International
Bhd

(145998-U)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	As at 31 December 2015 (RM'000)	As at 31 December 2014 (RM'000)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	125,389	132,335
Intangible assets	27,865	27,948
Other investments	870	830
Receivables	1,469	582
Deferred tax assets	6,831	10,512
	<u>162,424</u>	<u>172,207</u>
CURRENT ASSETS		
Inventories	101	58
Receivables	27,224	27,934
Tax recoverable	20,659	16,578
Cash and bank balances	85,609	101,369
Assets of disposal group classified as held for sale	57,486	57,333
	<u>191,079</u>	<u>203,272</u>
TOTAL ASSETS	353,503	375,479
EQUITY AND LIABILITIES		
CURRENT LIABILITIES		
Payables	85,058	62,300
Short-term borrowings	1,490	1,031
Current tax liabilities	372	674
Dividend payable	-	40,441
Liabilities directly associated with disposal group classified as held for sale	44,193	44,005
	<u>131,113</u>	<u>148,451</u>
NET CURRENT ASSETS	<u>59,966</u>	<u>54,821</u>
NON-CURRENT LIABILITIES		
Long-term borrowings	1,570	1,242
Payables	-	8
Deferred tax liabilities	1,614	4,700
	<u>3,184</u>	<u>5,950</u>
TOTAL LIABILITIES	<u>134,297</u>	<u>154,401</u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Share capital	187,024	175,017
Treasury shares	(37,484)	(37,482)
Share premium	68,504	55,288
Reserves	1,695	28,638
	<u>219,739</u>	<u>221,461</u>
NON-CONTROLLING INTERESTS	<u>(533)</u>	<u>(383)</u>
TOTAL EQUITY	<u>219,206</u>	<u>221,078</u>
TOTAL EQUITY AND LIABILITIES	353,503	375,479

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2014.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015

	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	Other Capital Reserve RM'000	Treasury Shares RM'000	Retained Profits/ (Losses) RM'000	Attributable to Owners of the Company RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance at 1 January 2015	175,017	55,288	1,208	(110)	1,108	861	(37,482)	25,571	221,461	(383)	221,078
Total comprehensive income for the financial year	-	-	-	40	(948)	-	-	24,046	23,138	(150)	22,988
Transactions with owners:-											
- Issuance of shares from exercise of warrants	12,007	13,209	(1,201)	-	-	-	-	-	24,015	-	24,015
- Effect arising from expiry of warrants	-	7	(7)	-	-	-	-	-	-	-	-
- Purchase of own shares	-	-	-	-	-	-	(2)	-	(2)	-	(2)
- Share-based payments	-	-	-	-	-	1,484	-	-	1,484	-	1,484
- Dividends	-	-	-	-	-	-	-	(50,357)	(50,357)	-	(50,357)
Balance at 31 December 2015	187,024	68,504	-	(70)	160	2,345	(37,484)	(740)	219,739	(533)	219,206
Balance at 1 January 2014	167,090	46,569	2,001	60	486	-	(37,479)	74,832	253,559	(148)	253,411
Total comprehensive income for the financial year	-	-	-	(170)	622	-	-	23,363	23,815	(235)	23,580
Transactions with owners:-											
- Issuance of shares from exercise of warrants	7,927	8,719	(793)	-	-	-	-	-	15,853	-	15,853
- Purchase of own shares	-	-	-	-	-	-	(3)	-	(3)	-	(3)
- Share-based payments	-	-	-	-	-	861	-	-	861	-	861
- Dividends	-	-	-	-	-	-	-	(72,624)	(72,624)	-	(72,624)
Balance at 31 December 2014	175,017	55,288	1,208	(110)	1,108	861	(37,482)	25,571	221,461	(383)	221,078

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2014.



SEG
International
Bhd

(145998-U)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2015

	31 December 2015 (RM'000)	31 December 2014 (RM'000)
<u>Cash flows from operating activities</u>		
Profit before taxation from continuing operations	28,064	26,992
Loss before taxation from discontinued operation	(1,268)	(2,580)
Profit before taxation, total	26,796	24,412
Adjustment for:-		
- Non-cash items	15,383	15,941
- Non-operating items	(93)	1,018
Operating profit before working capital changes	42,086	41,371
Changes in working capital		
- (Increase)/decrease in inventories	(43)	32
- (Increase)/decrease in trade and other receivables	(986)	9,581
- Increase in trade and other payables	23,338	28,342
Cash from operations	64,395	79,326
- Net taxes paid	(6,689)	(2,104)
- Interest received	1,057	1,109
- Interest paid	(929)	(2,215)
Net cash from operating activities	57,834	76,116
<u>Cash flows from investing activities</u>		
- Additions of development costs	-	(53)
- Proceeds from disposal of property, plant and equipment	361	158
- Purchase of property, plant and equipment	(6,064)	(8,790)
- Dividend received	63	64
Net cash used in investing activities	(5,640)	(8,621)
<u>Cash flows from financing activities</u>		
- Net repayment of borrowings	(1,316)	(1,498)
- Purchase of own shares	(2)	(3)
- Proceeds from new shares, net of expenses	24,015	15,853
- Dividends paid	(90,798)	(48,240)
- Placement of deposits with licensed banks and financial institutions	(468)	(526)
Net cash used in financing activities	(68,569)	(34,414)
Net (decrease)/increase in cash and cash equivalents	(16,375)	33,081
Cash and cash equivalents at beginning of year	88,011	54,930
Cash and cash equivalents at end of year	71,636	88,011

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2014.



SEG
International
Bhd

(145998-U)

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 2014 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 2014. 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 2014.

2. Significant accounting policies

The accounting policies adopted in the preparation of the interim financial report are consistent with those followed in the preparation of the Group's audited financial statements for the financial year ended 31 December 2014, except for the adoption of Amendments and Annual improvements to Standards effective as of 1 January 2015.

2.1 Adoption of Amendments and Annual Improvements to Standards

The Group has adopted the following Amendments and Annual improvements to Standards, with a date of initial application of 1 January 2015.

Amendments to MFRS 119 Employee Benefits – Defined Benefit Plans: Employee Contributions

Annual Improvements to MFRSs 2010 - 2012 Cycle

Annual Improvements to MFRSs 2011 - 2013 Cycle

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.



SEG
International
Bhd

(145998-U)

2. Significant accounting policies

2.2 Standards issued but not yet effective

At the date of authorisation of the interim financial report, the following Standards, Amendments and Annual improvements to Standards were issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective and have not been adopted by the Group:

Effective for financial periods beginning on or after 1 January 2016

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 101 Presentation of Financial Statements - Disclosure Initiative

Amendments to MFRS 127 Consolidated and Separate Financial Statements – Equity Method in Separate Financial Statements

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 Property, Plant and Equipment and MFRS 141 Agriculture - Bearer Plants

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception

Annual Improvements to MFRSs 2012 - 2014 Cycle

Effective for financial periods beginning on or after 1 January 2017

MFRS 15 Revenue from Contracts with Customers

Effective for financial periods beginning on or after 1 January 2018

MFRS 9 Financial Instruments (IFRS 9 as issued by International Accounting Standards Board ("IASB") in July 2014)



SEG
International
Bhd

(145998-U)

3. Qualification of Audit Report

The audit report of the financial statements of the Group for the year ended 31 December 2014 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 year ended 31 December 2015.

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 year ended 31 December 2015.

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 year ended 31 December 2015 except for the following:

	No. of ordinary shares
No. of ordinary shares net of treasury shares as at 1 January 2015	674,019,468
Add: Issue of shares from exercise of warrants	48,032,840
	<hr/> 722,052,308
Less: Purchase of Company's own ordinary shares	(2,000)
No. of ordinary shares net of treasury shares as at 31 December 2015	<hr/> <hr/> 722,050,308

During the previous quarters, the Company:

- (i) Issued 48,032,840 new ordinary shares pursuant to the exercise of warrants.
- (ii) Repurchased of 2,000 of its own ordinary shares from the open market at an average price of RM1.445 per share.



SEG
International
Bhd

(145998-U)

7. Issuance, cancellations, repurchases, resale and repayments of debt and equity securities (cont'd)

The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965. As at 31 December 2015, the total shares bought back, all of which are held as treasury shares, amounted to 26,047,600 shares of RM0.25 each.

On 19 August 2010, 124,729,857 warrants were granted by the Company to the subscribers of the rights issue of warrants. The warrants may be exercised at any time on or after the issue date but not later than 5.00pm on 16 August 2015 ("Expiry Date"). The number of unexercised warrants as at 1 January 2015 was 48,314,074. During the financial period up to the Expiry Date, 48,032,840 shares have been issued by virtue of the exercise of warrants. Accordingly, 281,234 warrants remained unexercised on the Expiry Date and thus lapsed and became null and void.

8. Dividends paid

During the previous financial year, the Board of Directors declared a second interim single tier dividend of RM 0.06 per ordinary share of RM 0.25 each in respect of the financial year ended 31 December 2014. This interim single tier dividend amounting to RM40,441,000 was paid on 28 January 2015.

On 9 April 2015, the Board of Directors declared an interim single tier dividend of RM 0.07 per ordinary share of RM 0.25 each in respect of the financial year ended 31 December 2015. This interim single tier dividend amounting to RM50,357,000 was paid on 6 July 2015.

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 year ended 31 December 2015.

11. Changes in composition of the Group

There were no major changes in the composition of the Group during the current quarter ended 31 December 2015, except on 15 February 2016, the Company through its wholly owned subsidiary, SEG International Group Sdn Bhd, acquired one (1) ordinary share in Karden Limited, a company incorporated in Hong Kong, representing the entire issued and paid up capital of the company, to recruit and provide related and other services to international students, for cash consideration of HKD1.00.



SEG
International
Bhd

(145998-U)

12. Changes in contingent liabilities or contingent assets

There were no material contingent liabilities or contingent assets of the Group as at 31 December 2015.

13. Capital Commitment

There were no material capital commitments approved and contracted for as at 31 December 2015.

14. Cash and bank balances

	As at 31 December 2015 (RM'000)
Cash and bank balances	
- Continuing operations	85,609
- Discontinued operation	216
Total cash and bank balances	<hr/> 85,825
Less: Deposits with licensed banks and financial institution with maturity of more than three months	<hr/> (14,189)
Total cash and cash equivalents	<hr/> <hr/> 71,636

15. Payables

Included in payables are fees received in advance from students amounting to approximately RM35.1 million (31 Dec 2014: RM27.0 million).



SEG
International
Bhd

(145998-U)

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

1. Review of performance

For the year ended 31 December 2015, the Group achieved a revenue of RM253.2 million and a profit before taxation of RM26.8 million, an increase of 4.62% and 9.77% respectively, as compared to the previous financial year.

The increase in revenue and profit as compared to the previous financial year is mainly attributed to better product mix and better demand for higher end programmes.

2. Variation of results against preceding quarter

The Group recorded a lower profit before taxation for the quarter under review compared to the preceding quarter. The decrease is in line with the general trend where the third quarter results are normally stronger than the fourth quarter.

3. Prospects for 2016

The Group is cautiously optimistic of the prospects for this year given the economic uncertainties which are causing the market to be cautious as well. However, the Group sees the potential in the weakening of the Ringgit to attract more international students to our campuses. The Group has also widen its offerings to reach various segments of students as well as regions in which we operate. Given our broader marketing strategies and course offerings, the Group believes that our financial performance will continue to improve.

4. Profit forecast

Not applicable.



5. Notes to the Consolidated Statement of Comprehensive Income

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

	Current Quarter Ended 31/12/2015 (RM'000)	Comparative Quarter Ended 31/12/2014 (RM'000)	Cumulative to-date 31/12/2015 (RM'000)	Cumulative to-date 31/12/2014 (RM'000)
Amortisation of development costs	15	26	75	190
Bad debts written off	8	251	509	618
Depreciation expense	3,356	3,466	13,579	13,619
Interest income	(282)	(317)	(1,057)	(1,109)
(Gain)/Loss on disposal of property, plant and equipment	(315)	88	(254)	(24)
Loss/(Gain) on foreign exchange	207	(16)	246	(14)

6. Tax expenses

	Current quarter ended 31 December 2015 (RM'000)	Cumulative to-date 31 December 2015 (RM'000)
Current tax expense		
- current	(1)	1,488
- prior year	(223)	818
	(224)	2,306
Deferred tax expense		
- current	(24)	686
- prior year	(91)	(91)
	(115)	595
Total	(339)	2,901



7. Status of corporate proposals announced

- (i) On 19 May 2014, the Company announced that its wholly owned subsidiary company, SEG International Group Sdn Bhd, entered into a share sale agreement with Global Activate Sdn Bhd for the proposed disposal of the entire issued and paid-up share capital of SEGi International Learning Alliance Sdn Bhd for a cash consideration of RM14,000,000.

The proposed disposal is now unconditional and pending completion.

- (ii) On 7 August 2015, the Company announced a second offer under the Long Term Incentive Plan (“Offer”) which comprises the employees’ share option scheme (“ESOS”) and share grant plan to the eligible employees of SEGi and its subsidiary companies which are not dormant, as follows:-

No.	Description of Offer under the LTIP	ESOS	Share Grant
1.	Date of Offer	6 August 2015	6 August 2015
2.	Exercise price of ESOS Option	1.42	Not applicable
3.	Number of ESOS Options and/or Share Grant offered	4.6 mil	0.6 mil
4.	Market price of SEGi shares on the date of Offer	1.42	1.42
5.	Number of ESOS Options and/or Share Grant offered to Directors	Nil	Nil
6.	Vesting period of the ESOS Options and/or Share Grant offered	Vesting over 4 years commencing 2018, subject to the fulfilment of certain vesting conditions.	

8. Borrowing and debt securities

The Group’s borrowings as at 31 December 2015 are as follows:

	(RM’000)
Continuing operations:-	
- Current	1,490
- Non-current	1,570
	<u>3,060</u>
Discontinued operation:-	
- Non-current	44,000
	<u><u>47,060</u></u>

The above borrowings are secured and denominated in Ringgit Malaysia.



SEG
International
Bhd

(145998-U)

9. Changes in material litigation

There were no pending material litigations as at 23 February 2016.

10. Dividend

On 9 April 2015, the Board of Directors declared an interim single tier dividend of RM 0.07 per ordinary share of RM 0.25 each in respect of the financial year ended 31 December 2015. This interim single tier dividend amounting to RM50,357,000 was paid on 6 July 2015.

11. Retained Profits/(Losses)

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

	Current quarter ended 31 December 2015 (RM'000)	Cumulative to-date 31 December 2015 (RM'000)
Retained profits/(losses) of the Group		
- realised	(419)	(19,469)
- unrealised	127	5,770
	(292)	(13,699)
Add: consolidation adjustments	475	12,959
Total retained profits/(losses) as per consolidated accounts	183	(740)



SEG
International
Bhd

(145998-U)

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 year.

Basic earnings per share

	Current Quarter Ended 31/12/2015 (RM'000)	Comparative Quarter Ended 31/12/2014 (RM'000)	Cumulative to-date 31/12/2015 (RM'000)	Cumulative to-date 31/12/2014 (RM'000)
Earnings				
Profit after taxation	183	4,640	23,896	23,128
Amount attributable to non-controlling interests	-	37	150	235
Profit after taxation attributable to the equity holders of the Company	183	4,677	24,046	23,363
Weighted average number of ordinary shares ('000)	674,019	645,762	701,236	643,861
Basic earnings per share (sen)	0.03	0.72	3.43	3.63

Diluted earnings per share

During current financial year, the diluted EPS is no longer applicable as the warrants have lapsed and ceased to be exercisable (refer to Note A7).