SEG INTERNATIONAL BHD.

(Incorporated in Malaysia)
Company No : 145998 - U

FINANCIAL REPORT

for the financial year ended 31 December 2012

CONTENTS

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of investment holding and provision of management consultancy services, property management, rental of premises, business advisory services, and educational and training services whilst the principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	THE GROUP RM'000	THE COMPANY RM'000
Profit after taxation for the financial year	60,016	31,247
Attributable to:-		
Owners of the Company	60,343	31,247
Non-controlling interests	(327)	-
	60,016	31,247

DIVIDENDS

Since the end of the previous financial year, the Company:

(a) paid a second interim single tier dividend of RM0.10 per ordinary shares of RM0.25 each in respect of the financial year ended 31 December 2011 amounting to RM53,263,000 on 6 January 2012; and

(b) 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 amounting to RM31,942,000 which was paid on 8 January 2013.

Subsequent to the financial year end, the Company declared an interim single tier dividend of RM0.05 per ordinary share of RM0.25 each amounting to RM32,062,000 in respect of the financial year ending 31 December 2013, payable on 25 April 2013.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the authorised share capital of the Company;

(b) the Company increased its issued and paid-up share capital from RM139,674,000 to RM166,219,000 by the issuance of 106,181,000 new ordinary shares of RM0.25 each pursuant to the exercise of warrants. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company; and

(c) there were no issues of debentures by the Company.

TREASURY SHARES

During the financial year, the Company purchased and disposed of its issued ordinary shares on the open market under the share buy-back programme. Details are as follows:-

	Price Per Share					
	Lowest RM	Highest RM	Average RM	No Of Shares	Par Value RM	Cost Of Shares RM'000
Balance at 1 January 2012				26,039,600	0.25	37,471
Addition during the financial year	1.87	2.06	1.97	2,000	0.25	4
Balance at 31 December 2012				26,041,600	0.25	37,475

The shares purchased under the share buy-back programme were financed by internally generated funds. The shares purchased were retained as treasury shares in accordance with Section 67A of the Companies Act 1965 in Malaysia and are presented as a deduction from shareholders' equity.

During the financial year, there were no re-sale of treasury shares.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company. As at 31 December 2012, there were 83,501,094 unexercised Warrants in issue at a revised exercise price of RM0.50. The details of the Warrants are disclosed in the Note 15(b) to the financial statements.

The ordinary shares issued from the exercise of Warrants shall rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, distributions, rights, allotment and/or any other forms of distribution where the entitlement date precedes the relevant date of the allotment and issuance of the new shares arising from the exercise of Warrants.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities of the Group and of the Company are disclosed in Note 32 to the financial statements. At the date of this report, there does not exist:-

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS' REPORT

DIRECTORS

The directors who served since the date of the last report are as follows:-

Tan Sri Dato' Seri Megat Najmuddin Bin Dato' Seri Dr. Haji Megat Khas
Dato' Sri Clement Hii Chii Kok
Lee Kok Cheng
Hew Moi Lan
Dato' Sri Chee Hong Leong
Nicholas Rupert Heylett Bloy (Appointed on 02.04.2012)
Tan Chow Yin (Appointed on 02.04.2012)
Amos Siew Boon Yeong
Goh Leng Chua
Dato' (Dr.) Patrick Teoh Seng Foo (Resigned on 02.04.2012)
Datu Haji Putit Bin Matzen (Resigned on 02.04.2012)
Foo San Kan (Resigned on 02.04.2012)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:-

	Number Of Ordinary Shares Of RM0.25 Each			
	At 1.1.2012	Bought/ Conversion*	Sold	At 31.12.2012
Direct Interests				
Dato' Sri Clement Hii Chii Kok	158,840,480	-	-	158,840,480
Tan Sri Dato' Seri Megat Najmuddin Bin Dato' Seri Dr. Haji Megat Khas	1,662	10,000	-	11,662
Lee Kok Cheng	4,440,000	950,000	-	5,390,000
Hew Moi Lan	6,668,800	-	-	6,668,800
Amos Siew Boon Yeong	2,200,000	-	-	2,200,000
Dato' Sri Chee Hong Leong	180,800	-	(180,800)	-
Indirect Interests				
Nicholas Rupert Heylett Bloy (1)	-	425,080,084	-	425,080,084
Dato' Sri Clement Hii Chii Kok (1)	-	266,239,604	-	266,239,604
Dato' Sri Chee Hong Leong (2)	33,492,200	-	(33,492,200)	-

DIRECTORS' INTERESTS (CONT'D)

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows (Cont'd):-

	Number Of 2010/2015 Warrants At An Exercise Price Of RM0.50 Each			
	At 1.1.2012	Bought	Sold/ Conversion*	At 31.12.2012
Direct Interests				
Dato' Sri Clement Hii Chii Kok	76,183,600	-	(18,000,000)	58,183,600
Dato' Sri Chee Hong Leong	1,253,000	-	(1,253,000)	-
Indirect Interests				
Nicholas Rupert Heylett Bloy (1)	-	164,483,660	(104,460,060)*	60,023,600
Dato' Sri Clement Hii Chii Kok (1)	-	106,300,060	(104,460,060)*	1,840,000

(1) Deemed interests through Pinnacle Heritage Solutions Sdn. Bhd.
(2) Deemed interests through Segmen Entiti Sdn. Bhd.
* Warrants conversion

By virtue of their interests in shares in the Company, the above directors are deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

Other than as disclosed, none of the other directors holding office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company or a related corporation) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 15 APRIL 2013

Tan Sri Dato' Seri Megat Najmuddin Bin Dato' Seri Dr. Haji Megat Khas

Dato' Sri Clement Hii Chii Kok

STATEMENT BY DIRECTORS

We, Tan Sri Dato' Seri Megat Najmuddin Bin Dato' Seri Dr. Haji Megat Khas and Dato' Sri Clement Hii Chii Kok, being two of the directors of SEG International Bhd., state that, in the opinion of the directors, the financial statements set out on pages 13 to 106, are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2012 and of their results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 38, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 15 APRIL 2013

Tan Sri ~~Dato' Seri~~ Megat Najmuddin
Bin Dato' Seri Dr. Haji Megat Khas

Dato' Sri Clement Hii Chii Kok

STATUTORY DECLARATION

I, Chong Poh Yee, being the officer primarily responsible for the financial management of SEG International Bhd., do solemnly and sincerely declare that the financial statements set out on pages 13 to 106 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Chong Poh Yee,
at Kuala Lumpur in Wilayah Persekutuan
on this 15 April 2013

PESURUHJAYA SUMPAH
ARSHAD ABDULLAH
W 550
MALAYSIA

Before me

Kuala Lumpur
Wilayah Persekutuan

NO. 102 & 104 1st FLOOR BANGUNAN
PERSATUAN YAP SELANGOR
JALAN TUN HS LEE
50000 KUALA LUMPUR

Chong Poh Yee

Crowe Horwath™

Crowe Horwath AF 1018
Chartered Accountants
Member Crowe Horwath International

Kuala Lumpur Office
Level 16 Tower C, Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur, Malaysia
Main +6 03 2788 9999
Fax +6 03 2788 9998
www.crowehorwath.com.my
info@crowehorwath.com.my

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEG INTERNATIONAL BHD.

(Incorporated in Malaysia)
Company No.: 145998 - U

Report on the Financial Statements

We have audited the financial statements of SEG International Bhd., which comprise statements of financial position as at 31 December 2012 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 13 to 106.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SEG INTERNATIONAL BHD.
(Incorporated in Malaysia)
Company No.: 145998 - U

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

The supplementary information set out in Note 38 on page 107 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Crowe Horwath Offices in Malaysia:
Kuala Lumpur • Klang • Penang • Johor Bharu • Melaka • Muar • Kuching • Sibu • Bintulu • Miri • Kota Kinabalu • Labuan

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SEG INTERNATIONAL BHD. (CONT'D)
(Incorporated in Malaysia)
Company No.: 145998 - U

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath
Firm No.: AF 1018
Chartered Accountants

Lee Kok Wai
Approval No.: 2760/06/14 (J)
Chartered Accountant

15 April 2013

Kuala Lumpur

SEG INTERNATIONAL BHD.

(Incorporated in Malaysia)
Company No.: 145998 - U

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2012

		The Group			The Company		
	NOTE	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
ASSETS							
NON-CURRENT ASSETS							
Investments in subsidiaries	5	-	-	-	68,379	68,379	67,229
Investments in associates	6	-	-	4,760	-	-	-
Property, plant and equipment	7	170,937	111,614	100,113	7,562	7,847	8,137
Receivables	8	-	1,233	2,425	-	1,233	2,425
Intangible assets	9	27,959	28,041	27,679	-	-	-
Other investments	10	3,753	4,567	2,734	-	-	-
Deferred tax assets	11	3,259	2,771	3,174	1,196	1,121	1,557
		205,908	148,226	140,885	77,137	78,580	79,348
CURRENT ASSETS							
Inventories	12	26	28	30	-	-	-
Receivables	8	60,685	47,146	37,572	109,813	76,571	63,471
Tax refundable		11,270	7,552	5,720	1,281	1,044	1,249
Cash and cash equivalents	13	108,287	87,155	78,831	95,670	79,679	66,948
		180,268	141,881	122,153	206,764	157,294	131,668
TOTAL ASSETS		386,176	290,107	263,038	283,901	235,874	211,016

SEG INTERNATIONAL BHD.
(Incorporated in Malaysia)
Company No.: 145998 - U

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2012 (CONT'D)

		The Group			The Company		
		31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES							
EQUITY							
Share capital	14	166,219	139,674	125,623	166,219	139,674	125,623
Reserves	15	100,653	44,085	76,961	18,708	(7,138)	51,230
		266,872	183,759	202,584	184,927	132,536	176,853
Non-controlling interests		396	762	899	-	-	-
TOTAL EQUITY		267,268	184,521	203,483	184,927	132,536	176,853
LIABILITIES							
NON-CURRENT LIABILITIES							
Long-term borrowings	16	45,254	4,992	10,831	94	179	6,477
Deferred tax liabilities	19	2,039	4,322	2,487	-	-	-
		47,293	9,314	13,318	94	179	6,477

SEG INTERNATIONAL BHD.
(Incorporated in Malaysia)
Company No.: 145998 - U

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2012 (CONT'D)

		The Group			The Company		
		31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
CURRENT LIABILITIES							
Payables	20	36,144	37,850	38,607	66,853	49,806	24,163
Short-term borrowings	21	2,724	3,737	7,170	85	90	3,523
Current tax liabilities		805	1,422	460	-	-	-
Dividend payable		31,942	53,263	-	31,942	53,263	-
		71,615	96,272	46,237	98,880	103,159	27,686
TOTAL LIABILITIES		118,908	105,586	59,555	98,974	103,338	34,163
TOTAL EQUITY AND LIABILITIES		386,176	290,107	263,038	283,901	235,874	211,016

SEG INTERNATIONAL BHD.
(Incorporated in Malaysia)
Company No.: 145998 - U

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	NOTE	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000	THE COMPANY 2012 RM'000	THE COMPANY 2011 RM'000
REVENUE	22	284,925	278,293	60,891	74,903
COST OF SERVICES		(79,517)	(69,005)	(4,727)	(5,211)
GROSS PROFIT		205,408	209,288	56,164	69,692
OTHER INCOME		17,998	22,599	3,338	3,085
		223,406	231,887	59,502	72,777
DISTRIBUTION EXPENSES		(30,371)	(28,004)	(392)	(318)
ADMINISTRATIVE EXPENSES		(57,788)	(52,791)	(6,442)	(6,407)
OTHER EXPENSES		(66,396)	(62,314)	(20,038)	(18,495)
FINANCE COSTS		(468)	(746)	(18)	(207)
SHARE OF RESULTS IN AN ASSOCIATE		-	186	-	-
PROFIT BEFORE TAXATION	23	68,383	88,218	32,612	47,350
INCOME TAX EXPENSE	24	(8,367)	(16,002)	(1,365)	(1,973)
PROFIT AFTER TAXATION		60,016	72,216	31,247	45,377
OTHER COMPREHENSIVE INCOME/(EXPENSES)					
Available-for-sale financial assets		1,354	(1,649)	-	-
Foreign currency translation		272	204	-	-
TOTAL OTHER COMPREHENSIVE INCOME/(EXPENSES)		1,626	(1,445)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		61,642	70,771	31,247	45,377

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

		THE GROUP		THE COMPANY	
	NOTE	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		60,343	72,314	31,247	45,377
Non-controlling interests		(327)	(98)	-	-
		60,016	72,216	31,247	45,377
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		61,969	70,869	31,247	45,377
Non-controlling interests		(327)	(98)	-	-
		61,642	70,771	31,247	45,377
EARNINGS PER SHARE	25				
- Basic		10.18 sen	14.11 sen		
- Diluted		9.07 sen	11.16 sen		

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		< ----------	----------	----------	Non-Distributable	----------	---------- >	Distributable			
THE GROUP	NOTE	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Available-For-Sale Financial Asset Reserve RM'000	Exchange Translation Reserve RM'000	Treasury Shares RM'000	Retained Profits RM'000	Attributable To Owners Of the Company RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
Balance at 1.1.2011		125,623	956	6,147	275	-	(16,693)	86,276	202,584	899	203,483
Profit after taxation for the financial year		-	-	-	-	-	-	72,314	72,314	(98)	72,216
Other comprehensive income for the financial year, net of tax:											
Available-for-sale financial assets:											
- loss on fair value changes		-	-	-	(1,649)	-	-	-	(1,649)	-	(1,649)
Foreign currency translation		-	-	-	-	204	-	-	204	-	204
Total comprehensive income for the financial year		-	-	-	(1,649)	204	-	72,314	70,869	(98)	70,771
Transactions with owners:											
- Issuance of shares from exercise of warrants		14,051	15,456	(1,405)	-	-	-	-	28,102	-	28,102
- Purchase of own shares		-	-	-	-	-	(20,778)	-	(20,778)	-	(20,778)
- Dividends	26	-	-	-	-	-	-	(97,018)	(97,018)	-	(97,018)
- Dividend paid to non-controlling interest		-	-	-	-	-	-	-	-	(39)	(39)
Balance at 31.12.2011		139,674	16,412	4,742	(1,374)	204	(37,471)	61,572	183,759	762	184,521

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

		< ---------- Non-Distributable				---------- >		Distributable			
THE GROUP	NOTE	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Available-For-Sale Financial Asset Reserve RM'000	Exchange Translation Reserve RM'000	Treasury Shares RM'000	Retained Profits RM'000	Attributable To Owners Of the Company RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
Balance at 31.12.2011/1.1.2012		139,674	16,412	4,742	(1,374)	204	(37,471)	61,572	183,759	762	184,521
Profit after taxation for the financial year		-	-	-	-	-	-	60,343	60,343	(327)	60,016
Other comprehensive income for the financial year, net of tax:											
Available-for-sale financial assets:											
- gain on fair value changes		-	-	-	1,354	-	-	-	1,354	-	1,354
Foreign currency translation		-	-	-	-	272	-	-	272	-	272
Total comprehensive income for the financial year		-	-	-	1,354	272	-	60,343	61,969	(327)	61,642
Transactions with owners:											
- Issuance of shares from exercise of warrants		26,545	29,200	(2,655)	-	-	-	-	53,090	-	53,090
- Purchase of own shares		-	-	-	-	-	(4)	-	(4)	-	(4)
- Dividend	26	-	-	-	-	-	-	(31,942)	(31,942)	-	(31,942)
- Dividend paid to non-controlling interest		-	-	-	-	-	-	-	-	(39)	(39)
Balance at 31.12.2012		166,219	45,612	2,087	(20)	476	(37,475)	89,973	266,872	396	267,268

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

THE COMPANY	NOTE	< ---------------------- Non-Distributable Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Treasury Shares RM'000 ---------------------- >	Distributable Retained Profits RM'000	Total Equity RM'000
Balance at 1.1.2011		125,623	956	6,147	(16,693)	60,820	176,853
Profit after taxation/Total comprehensive income for the financial year		-	-	-	-	45,377	45,377
Transactions with owners:							
- Issuance of shares from exercise of warrants		14,051	15,456	(1,405)	-	-	28,102
- Purchase of own shares		-	-	-	(20,778)	-	(20,778)
- Dividends	26	-	-	-	-	(97,018)	(97,018)
Balance at 31.12.2011/ 1.1.2012		139,674	16,412	4,742	(37,471)	9,179	132,536
Profit after taxation/Total comprehensive income for the financial year		-	-	-	-	31,247	31,247
Transactions with owners:							
- Issuance of shares from exercise of warrants		26,545	29,200	(2,655)	-	-	53,090
- Purchase of own shares		-	-	-	(4)	-	(4)
- Dividend	26	-	-	-	-	(31,942)	(31,942)
Balance at 31.12.2012		166,219	45,612	2,087	(37,475)	8,484	184,927

SEG INTERNATIONAL BHD.
(Incorporated in Malaysia)
Company No.: 145998 - U

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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	NOTE	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000	THE COMPANY 2012 RM'000	THE COMPANY 2011 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before taxation		68,383	88,218	32,612	47,350
Adjustments for:-					
Allowance for impairment loss on other investments		2,168	-	-	-
Amortisation of development costs		109	218	-	-
Allowance for impairment losses on trade and other receivables		325	641	-	244
Bad debts written off		1,265	-	-	-
Depreciation of property, plant and equipment		10,166	8,802	374	403
Property, plant and equipment written off		2	58	2	-
Impairment loss on goodwill		31	-	-	-
Interest expense		468	746	18	207
Loss/(Gain) on disposal of property, plant and equipment		16	(59)	-	-
Dividend income		(72)	(53)	(26,510)	(40,893)
Interest income		(1,749)	(1,775)	(2,476)	(2,497)
Unrealised gain on foreign exchange		-	(170)	-	-
Share of profit in an associate		-	(186)	-	-
Gain on disposal of other investments		-	(163)	-	-
Gain on disposal of associates		-	(54)	-	-
Gain on disposal of subsidiaries		(299)	-	-	-
Writeback of allowance for impairment loss on other receivables		(10)	-	(10)	-
Operating profit before working capital changes		80,803	96,223	4,010	4,814
Decrease in inventories		2	2	-	-
(Increase)/Decrease in trade and other receivables		(16,249)	(8,031)	(2,153)	549
Increase/(Decrease) in trade and other payables		3,954	(3,716)	(1,970)	267
CASH FLOWS FROM/(FOR) OPERATIONS		68,510	84,478	(113)	5,630
Interest paid		(468)	(746)	(18)	(207)
Net income tax paid		(15,473)	(14,634)	(1,677)	(1,332)
NET CASH FROM/(FOR) OPERATING ACTIVITIES/ CARRIED FORWARD		52,569	69,098	(1,808)	4,091

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

	NOTE	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000	THE COMPANY 2012 RM'000	THE COMPANY 2011 RM'000
NET CASH FROM/(FOR) OPERATING ACTIVITIES/ BROUGHT FORWARD		52,569	69,098	(1,808)	4,091
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Addition of investment in subsidiaries		-	-	-	(1,150)
Addition of development costs		(27)	(134)	-	-
Proceeds from disposal of property, plant and equipment		151	62	1	1
Proceeds from disposal of quoted shares		-	1,681	-	-
Purchase of property, plant and equipment	27	(73,973)	(13,235)	(92)	(114)
Net cash outflow on the acquisition of subsidiaries	28	-	(558)	-	-
Net cash inflow for disposal of subsidiaries	29	465	-	-	-
Net (advances to)/repayment from subsidiaries		-	-	(10,829)	12,675
Dividend received		72	53	26,510	40,893
Interest received		1,749	1,775	2,476	2,497
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(71,563)	(10,356)	18,066	54,802
BALANCE CARRIED FORWARD		(18,994)	58,742	16,258	58,893

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

		THE GROUP		THE COMPANY	
	NOTE	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
BALANCE BROUGHT FORWARD		(18,994)	58,742	16,258	58,893
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Purchase of own shares		(4)	(20,778)	(4)	(20,778)
Repayment of hire purchase and finance lease payables		(3,499)	(4,054)	(90)	(86)
Repayment of term loans		(159)	(9,894)	-	(9,645)
Proceeds from new shares, net of expenses		53,090	28,102	53,090	28,102
Dividends paid		(53,263)	(43,755)	(53,263)	(43,755)
Dividend paid to non-controlling interest		(39)	(39)	-	-
Drawdown of term loan		44,000	-	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		40,126	(50,418)	(267)	(46,162)
NET INCREASE IN CASH AND CASH EQUIVALENTS		21,132	8,324	15,991	12,731
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		87,155	78,831	79,679	66,948
CASH AND CASH EQUIVALENTS END OF THE FINANCIAL YEAR	13	108,287	87,155	95,670	79,679

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	6th Floor, SEGi University, No. 9, Jalan Teknologi, Taman Sains Selangor, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.
Principal place of business	:	No. 9, Jalan Teknologi, Taman Sains Selangor, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 15 April 2013.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of investment holding and provision of management consultancy services, property management, rental of premises, business advisory services, educational and training services whilst the principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

3.1 These are the Group's first set of financial statements prepared in accordance with MFRSs, which are also in line with International Financial Reporting Standards as issued by the International Accounting Standards Board.

In the previous financial year, the financial statements of the Group were prepared in accordance with Financial Reporting Standards ("FRSs"). The financial impacts on the transition from FRSs to MFRSs are disclosed in Note 37 to the financial statements.

3.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments	1 January 2015
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 Employee Benefits	1 January 2013
MFRS 127 Separate Financial Statements	1 January 2013
MFRS 128 Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 1: Government Loans	1 January 2013
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015

3. BASIS OF PREPARATION (CONT'D)

3.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year (Cont'd):-

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance	1 January 2013
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Annual Improvements to MFRSs 2009 – 2011 Cycle	1 January 2013

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

MFRS 9 replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 divides all financial assets into 2 categories – those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the MFRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss. There will be no financial impacts on the financial statements of the Group upon its initial application.

MFRS 10 replaces the consolidation guidance in MFRS 127 and IC Interpretation 112. Under MFRS 10, there is only one basis for consolidation, which is control. Extensive guidance has been provided in the standard to assist in the determination of control. There will be no financial impact on the financial statements of the Group upon its initial application.

3. BASIS OF PREPARATION (CONT'D)

3.2 The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows (Cont'd):-

MFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in MFRS 13 are more extensive than those required in the current standards and therefore there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

The amendments to MFRS 7 (Disclosures – Offsetting Financial Assets and Financial Liabilities) require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. There will be no financial impact on the financial statements of the Group upon its initial application.

The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. In addition, items presented in other comprehensive income section are to be grouped based on whether they are potentially re-classifiable to profit or loss subsequently i.e. those that might be reclassified and those that will not be reclassified. Income tax on items of other comprehensive income is required to be allocated on the same basis. There will be no financial impact on the financial statements of the Group upon its initial application other than the presentation format of the statement of profit or loss and other comprehensive income.

The amendments to MFRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. There will be no financial impact on the financial statements of the Group upon its initial application.

The Annual Improvements to MFRSs 2009 – 2011 Cycle contain amendments to MFRS 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(a) *Depreciation of Property, Plant and Equipment*

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) *Income Taxes*

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(c) *Impairment of Non-financial Assets*

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical Accounting Estimates and Judgements (Cont'd)

(d) Amortisation of Development Costs

Changes in the expected level of usage and technological development could impact the economic useful lives therefore future amortisation charges could be revised.

(e) Impairment of Available-for-sale Financial Assets

The Group reviews its available-for-sale financial assets at each reporting date to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant' or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

(f) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment loss. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical Accounting Estimates and Judgements (Cont'd)

(g) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(h) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

4.2 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of Consolidation (Cont'd)

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of Consolidation (Cont'd)

(c) Acquisitions of Non-controlling Interests

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

(d) Loss of Control

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Intangible Assets

(a) Goodwill on Consolidation

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

(b) Research and Development Expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:-

(i) its ability to measure reliably the expenditure attributable to the asset under development;

(ii) the product or process is technically and commercially feasible;

(iii) its future economic benefits are probable;

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Intangible Assets (Cont'd)

(b) Research and Development Expenditure (Cont'd)

(iv) its ability to use or sell the developed asset; and

(v) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Capitalised development expenditure is transferred at cost to other intangible assets upon completion of the developed project.

(c) Other Intangible Assets

An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and that the cost of the asset can be measured reliably. An entity shall assess the probability of the expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset. An intangible asset shall be measured initially at cost.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Intangible Assets (Cont'd)

(c) Other Intangible Assets (Cont'd)

Intangible assets that have been capitalised are amortised on a straight-line basis over the period of their expected benefit, but not exceeding five (5) years from the commencement of the commercial production of the products.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

4.4 Functional and Foreign Currencies

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Functional and Foreign Currencies (Cont'd)

(c) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at dates of transactions. All exchange differences arising on translation are recognised directly to other comprehensive income and accumulated in equity under the translation reserve. On the disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

4.5 Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets or available-for-sale financial assets, as appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

- *Financial Assets at Fair Value Through Profit or Loss*

  Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

  Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

- *Held-to-maturity Investments*

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

- *Loans and Receivables Financial Assets*

  Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

- *Available-for-sale Financial Assets*

  Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

  After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

  Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

  Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

(b) Financial Liabilities

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial Instruments (Cont'd)

(c) Equity Instruments

Instruments classified as equity are measured at cost and are not remeasured subsequently.

(i) Ordinary Shares

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in equity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.7 Investments in Associates

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The investments in associates are accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the associate made up to 31 December 2012. The Group's share of the post acquisition profits of the associate is included in the consolidated statement of comprehensive income and the Group's interest in associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves.

When the Group’s share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

On the disposal of the investment in an associate, the difference between the net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Property, Plant and Equipment

Property, plant and equipment, other than freehold land are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	2%
Leasehold land	Over the term of lease
Computer hardware and software	15 - 25%
Fixtures, fittings and office equipment	10 - 33%
Library books and manuals	10 - 33%
Motor vehicles	20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken to finance the construction or acquisition of the assets to the date that the assets are completed and put into use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Property, Plant and Equipment (Cont'd)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

The Group adopted the amendments made to MFRS 117 - Leases in relation to the classification of lease of land. The Group's leasehold land which in substance is a finance lease has been reclassified as property, plant and equipment and measured as such retrospectively.

4.9 Impairment

(i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Impairment (Cont'd)

(i) Impairment of Financial Assets (Cont'd)

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

(ii) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Impairment (Cont'd)

(ii) Impairment of Non-financial Assets (Cont'd)

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

4.10 Assets under Finance Lease and Hire Purchase

Leases of plant and equipment where substantially all the benefits and risks of ownership are transferred to the Group are classified as finance leases.

Plant and equipment acquired under finance lease and hire purchase are capitalised in the financial statements.

Each lease or hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding outstanding obligations due under the finance lease and hire purchase after deducting finance charges are included as liabilities in the financial statements.

Finance charges are recognised in profit or loss over the period of the respective lease and hire purchase agreements.

Plant and equipment acquired under finance leases and hire purchase are depreciated over the useful lives of the assets. If there is no reasonable certainty that the ownership will be transferred to the Group, the assets are depreciated over the shorter of the lease terms and their useful lives.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 Operating Leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments are made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on the straight-line basis over the lease period. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

4.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and includes all incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

4.13 Income Taxes

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 Income Taxes (Cont'd)

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

4.14 Borrowing Costs

All other borrowing costs are recognised in profit or loss as expenses in the year in which they incurred.

4.15 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 Provisions

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

4.17 Employee Benefits

(a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group and of the Company.

(b) Defined Contribution Plans

The Group and the Company's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further liability in respect of the defined contribution plans.

4.18 Related Parties

A party is related to an entity (referred as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 Related Parties (Cont'd)

(b) An entity is related to a reporting entity if any of the following conditions applies:-

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a) above.
(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4.19 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 Revenue and Other Income

(a) Sale of Goods

Sales are recognised upon delivery of goods and customers' acceptance or performance of services and where applicable, net of returns and trade discounts.

(b) Services

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(c) Rental and Interest Income

Rental income and interest income are recognised on an accrual basis. Interest income are recognised using the effective interest method.

(d) Dividend Income

Dividend income from the investment in subsidiaries is recognised upon declaration by the subsidiaries.

Dividend income from the other investment is recognised when the right to receive payment is established.

4.21 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

5. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2012 RM'000	2011 RM'000
Unquoted shares, at cost:-		
At 1 January	72,974	71,824
Addition during the financial year	-	1,150
	72,974	72,974
Accumulated impairment losses:-		
At 1 January/31 December	(4,595)	(4,595)
	68,379	68,379

The details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %	Principal Activities
SEGi Holdings Sdn. Bhd.	Malaysia	100	100	Investment holding and management consultancy.
SEGi University Sdn. Bhd. (formerly known as SEGi University College (M) Sdn. Bhd.)	Malaysia	100	100	Provision of professional, commercial and academic education.
SEGi College (KL) Sdn. Bhd.	Malaysia	100	100	Provision of professional, commercial and academic education.
SEGi College of Technology (KL) Sdn. Bhd.	Malaysia	100	100	Provision of computer training, professional, commercial and academic education.

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %	Principal Activities
SEGi College (Subang Jaya) Sdn. Bhd.	Malaysia	98.63	98.63	Operation of an institute providing educational programmes.
SEGi College (PG) Sdn. Bhd.	Malaysia	100	100	Provision of professional, commercial and academic education.
SEGi College (Sarawak) Sdn. Bhd. ~	Malaysia	100	100	Operation of an educational institution for further studies.
SEGi College (PJ) Sdn. Bhd.	Malaysia	100	100	Provision of professional, commercial and academic education.
Summit Multimedia Education Sdn. Bhd.	Malaysia	73.97	73.97	Operation of an institution providing educational programmes.
SEGi-IGS Sdn. Bhd.	Malaysia	70	70	Provision of educational services.
SEGi HealthCare Sdn. Bhd. (formerly known as SEGi Training Centre (Kuching) Sdn. Bhd.) ~	Malaysia	100	100	Operation of a medical clinic, training centre for vocational and professional courses.
SEGi Learning Resources (Sarawak) Sdn. Bhd. ~	Malaysia	100	100	Provision of educational and training services.
SMRC Learning Alliance Sdn. Bhd.	Malaysia	100	100	Provision of educational and training services.

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Company	Country of Incorporation	Effective Equity Interest 2012 %	2011 %	Principal Activities
SMRC Learning Alliance (KL) Sdn. Bhd.~	Malaysia	100	100	Provision of educational and training services.
SMRC Learning Alliance (EM) Sdn. Bhd. ~	Malaysia	100	100	Provision of management consultancy services and investment holding.
SEGi EyeCare Sdn. Bhd.	Malaysia	100	100	Provision of eye care and optometry related services.
IFPA Resources Sdn. Bhd.	Malaysia	100	100	Provision of financial planning and financial related courses.
Summit Early Childhood Edu-Care Sdn. Bhd. ~	Malaysia	100	100	Provision of child educational and related services.
Summit Early Childhood Edu-Care (Rawang) Sdn. Bhd. ~	Malaysia	70	70	Provision of child educational and related services.
Pusat Kemahiran Maju Ria Sdn. Bhd. ~	Malaysia	100	100	Provision of educational and training services.
SEG International Group Sdn. Bhd.	Malaysia	100	100	Investment holding and provision of training and educational services.
SEGi DentalCare Sdn. Bhd. ~	Malaysia	100	100	Provision of dental care and training services.
SEGi Youth Training Sdn. Bhd.	Malaysia	100	100	Provision of training services.
SEGi Methods Sdn. Bhd. ~	Malaysia	100	100	Investment holding.

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Company	Country of Incorporation	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %	Principal Activities
SEGi International Learning Alliance Sdn. Bhd. (formerly known as SEGi Jobs Sdn. Bhd.) ~	Malaysia	100	100	Provision of training and education services.
SEGi International Education Sdn. Bhd. ~	Malaysia	100	100	Provision of training and educational services.
SEGi Properties (M) Sdn. Bhd.	Malaysia	100	100	Investment property holding.
Systematic Training Network Sdn. Bhd.	Malaysia	95	95	Provision of educational services.
SBT Professional Publications Sdn. Bhd.	Malaysia	100	100	Operation of a book centre, dealing in all kinds of reading materials, information research and related business.
Agensi Pekerjaan Job Venture Sdn. Bhd.	Malaysia	100	100	Provision of job placement consultancy services.
SEGi Assets Sdn. Bhd.	Malaysia	100	100	Property investment and property management.
Binary Mark Sdn. Bhd.	Malaysia	98.63	98.63	Property investment.
SEG Equity Sdn. Bhd.	Malaysia	100	100	Investment holding.
Summit Education Sdn. Bhd.	Malaysia	98.63	98.63	Investment holding and management consultancy.
SEGi Diversified Sdn. Bhd.	Malaysia	100	100	Investment holding.

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Company	Country of Incorporation	Effective Equity Interest 2012 %	2011 %	Principal Activities
SEGi EduHub Sdn.Bhd. ~	Malaysia	100	100	Property investment and development.
SEGi Land Sdn. Bhd. ~	Malaysia	100	100	Property investment.
Metromas Realtors Sdn. Bhd.	Malaysia	100	100	Investment holdings and property investment.
SEGi Campus Sdn. Bhd.	Malaysia	100	100	Property investment and development.
I-Station Solutions Sdn. Bhd.	Malaysia	100	100	Provision of E-learning solutions.
Consortium Support Services Sdn. Bhd. ~	Malaysia	100	100	Provision of hostels & transportation management.
Milenium Optima Sdn. Bhd.	Malaysia	100	100	Provision of solutions and e-community management system.
Platinum Icon Sdn. Bhd.	Malaysia	100	100	Development of software business solutions.
Jana Daiman Sdn. Bhd.	Malaysia	-	100	Property investment and property management.
Andaman Daya Sdn. Bhd.	Malaysia	-	100	Property investment and property management.
Bumi Intuisi Sdn. Bhd.	Malaysia	100	-	Software development and provision of web-based learning management system.

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Company	Country of Incorporation	Effective Equity Interest 2012 %	2011 %	Principal Activities
Skills Malaysia INVITE Sdn. Bhd.	Malaysia	100	100	Dormant.
Worldwide Accreditation Ltd ~	Republic of Mauritius	100	100	Provision of licensing and accreditation of educational programmes.

~ *These subsidiaries were audited by other firms of chartered accountants.*

6. INVESTMENTS IN ASSOCIATES

	THE GROUP 2012 RM'000	2011 RM'000
Unquoted shares, at cost	2,000	5,563
Share of post-acquisition profit	-	1,381
	2,000	6,944
Disposal during the financial year	-	(4,944)
Allowance for impairment losses	(2,000)	(2,000)
	-	-
Allowance for impairment losses:-		
At 1 January/ 31 December	(2,000)	(2,000)

6. INVESTMENTS IN ASSOCIATES (CONT'D)

The details of the associate are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %	Principal Activity
Palm Leisure Sdn. Bhd. ~	Malaysia	30	30	Dormant.

~ *The associate was audited by other firm of chartered accountants.*

In the previous financial year, the share of results in the associate disposed of was based on the unaudited financial statements of the associate.

The Group has not recognised losses relating to Palm Leisure Sdn. Bhd., where its share of losses exceeded the Group's interest in this associate.

(e) **PROPERTY, PLANT AND EQUIPMENT**

THE GROUP	At 1.1.2012 RM'000	TRANSFER RM'000	DISPOSAL OF SUBSIDIARIES RM'000	ADDITIONS RM'000	DISPOSALS RM'000	WRITTEN OFF RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2012 RM'000
NET BOOK VALUE								
Freehold and leasehold land	9,182	-	-	54,729	-	-	(6)	63,905
Buildings	27,096	-	(4,331)	-	-	-	(432)	22,333
Computer hardware and software	2,519	-	-	2,705	(2)	(2)	(1,665)	3,555
Fixtures, fittings and office equipment	38,721	3,369	(575)	7,431	-	-	(6,176)	42,770
Library books and manuals	2,746	-	-	954	-	-	(703)	2,997
Motor vehicles	3,409	-	-	750	(165)	-	(1,184)	2,810
Capital work-in-progress	27,941	(3,369)	-	7,995	-	-	-	32,567
	111,614	-	(4,906)	74,564	(167)	(2)	(10,166)	170,937

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

THE GROUP	At 1.1.2011 RM'000	ACQUISITION OF SUBSIDIARIES RM'000	ADDITIONS RM'000	DISPOSALS RM'000	WRITTEN OFF RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2011 RM'000
NET BOOK VALUE							
Freehold and leasehold land	9,188	-	-	-	-	(6)	9,182
Buildings	23,139	4,394	-	-	-	(437)	27,096
Computer hardware and software	2,926	19	825	(2)	-	(1,249)	2,519
Fixtures, fittings and office equipment	33,447	-	10,702	(1)	(58)	(5,369)	38,721
Library books and manuals	2,723	-	640	-	-	(617)	2,746
Motor vehicles	3,654	-	879	-	-	(1,124)	3,409
Capital work-in-progress	25,036	-	2,905	-	-	-	27,941
	100,113	4,413	15,951	(3)	(58)	(8,802)	111,614

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

THE GROUP	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
AT 31.12.2012			
Freehold and leasehold land	63,942	(37)	63,905
Buildings	27,013	(4,680)	22,333
Computer hardware and software	13,064	(9,509)	3,555
Fixtures, fittings and office equipment	77,079	(34,309)	42,770
Library books and manuals	6,730	(3,733)	2,997
Motor vehicles	6,801	(3,991)	2,810
Capital work-in-progress	32,567	-	32,567
	227,196	(56,259)	170,937
At 31.12.2011			
Freehold and leasehold land	9,213	(31)	9,182
Buildings	31,407	(4,311)	27,096
Computer hardware and software	10,438	(7,919)	2,519
Fixtures, fittings and office equipment	67,046	(28,325)	38,721
Library books and manuals	5,776	(3,030)	2,746
Motor vehicles	6,290	(2,881)	3,409
Capital work-in-progress	27,941	-	27,941
	158,111	(46,497)	111,614

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

THE COMPANY	AT 1.1.2012 RM'000	ADDITIONS RM'000	DISPOSAL RM'000	WRITTEN OFF RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2012 RM'000
NET BOOK VALUE						
Freehold land	4,250	-	-	-	-	4,250
Buildings	2,590	-	-	-	(78)	2,512
Computer hardware and software	106	72	(1)	(2)	(69)	106
Fixtures, fittings and office equipment	575	20	-	-	(138)	457
Motor vehicles	326	-	-	-	(89)	237
	7,847	92	(1)	(2)	(374)	7,562

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

THE COMPANY	AT 1.1.2011 RM'000	ADDITIONS RM'000	DISPOSAL RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2011 RM'000
NET BOOK VALUE					
Freehold land	4,250	-	-	-	4,250
Buildings	2,667	-	-	(77)	2,590
Computer hardware and software	114	49	(1)	(56)	106
Fixtures, fittings and office equipment	690	65	-	(180)	575
Motor vehicles	416	-	-	(90)	326
	8,137	114	(1)	(403)	7,847

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

THE COMPANY	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
AT 31.12.2012			
Freehold land	4,250	-	4,250
Buildings	3,877	(1,365)	2,512
Computer hardware and software	512	(406)	106
Fixtures, fittings and office equipment	1,961	(1,504)	457
Library books and manuals	1	(1)	-
Motor vehicles	742	(505)	237
	11,343	(3,781)	7,562
AT 31.12.2011			
Freehold land	4,250	-	4,250
Buildings	3,877	(1,287)	2,590
Computer hardware and software	443	(337)	106
Fixtures, fittings and office equipment	1,941	(1,366)	575
Library books and manuals	1	(1)	-
Motor vehicles	742	(416)	326
	11,254	(3,407)	7,847

Assets pledged for banking facilities

At the end of the reporting period , the carrying amount of the freehold land and buildings of the Group and the Company pledged as security for banking facilities amounted to approximately RM61,492,000 (2011 – RM24,856,000) and RM6,762,000 (2011 - RM6,840,000) respectively.

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The carrying amounts of assets held under hire purchase and finance lease terms at the end of reporting date are as follows:-

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Computer hardware and software	-	106	-	-
Fixtures, fittings and office equipment	3,772	9,378	-	-
Motor vehicles	2,730	3,369	237	326
	6,502	12,853	237	326

8. RECEIVABLES

		THE GROUP		THE COMPANY	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Non-Current					
Other receivables	(a)	-	1,233	-	1,233
Current					
Trade					
Trade receivables	(b)	38,543	23,876	-	-
Non-Trade					
Other receivables, deposits and prepayments	(c)	22,142	23,270	8,910	5,514
Amount owing by subsidiaries	(d)	-	-	100,903	71,057
		60,685	47,146	109,813	76,571

8. RECEIVABLES (CONT'D)

(a) Other receivables

In the previous financial year, the amount owing was in respect of debts due from the former subsidiaries. In the current financial year, the amount was transferred to the current portion of other receivables as disclosed in Note 8(c). The purchaser of the former subsidiaries had undertaken to assume these outstanding amounts which will be settled by instalments.

(b) Trade receivables

	THE GROUP	
	2012 RM'000	2011 RM'000
Trade receivables	38,868	24,231
Allowance for impairment losses	(325)	(355)
	38,543	23,876
Allowance for impairment losses:-		
At 1 January	(355)	(355)
Addition during the financial year	(153)	-
Written off	183	-
At 31 December	(325)	(355)

The normal trade credit terms granted by the Group ranged from 30 to 180 days (2011 – 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

(c) Other receivables, deposits and prepayments

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Other receivables, deposits and prepayments	27,053	28,019	13,104	9,718
Allowance for impairment losses on other receivables	(4,911)	(4,749)	(4,194)	(4,204)
	22,142	23,270	8,910	5,514

8. RECEIVABLES (CONT'D)

(c) Other receivables, deposits and prepayments (Cont'd)

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Allowance for impairment losses on other receivables:-				
At 1 January	(4,749)	(6,230)	(4,204)	(3,960)
Addition during the financial year	(172)	(641)	-	(244)
Writeback	10	-	10	-
Written off	-	2,122	-	-
At 31 December	(4,911)	(4,749)	(4,194)	(4,204)

Included in other receivables, deposits and prepayments are:-

(a) an amount owing by former subsidiaries being subsidiaries disposed of during the current financial year amounting to approximately RM5,166,000. The purchaser of the former subsidiaries has undertaken to settle the outstanding amounts by instalments within one year; and

(b) a security deposit paid by the Group for construction of a campus amounting to RM2,000,000 (2011 – RM2,000,000).

(d) Amount owing by subsidiaries

	THE COMPANY	
	2012 RM'000	2011 RM'000
Interest bearing	100,870	70,577
Non-interest bearing	33	480
	100,903	71,057

The amount owing by subsidiaries is non-trade in nature, unsecured and receivable on demand. The interest bearing portion bore an effective interest rate of 1% (2011 - 1%) per annum.

9. INTANGIBLE ASSETS

THE GROUP COST:-	GOODWILL RM'000	DEVELOPMENT COSTS RM'000	TOTAL RM'000
At 1 January 2011	35,375	5,786	41,161
Addition during the financial year	442	134	576
Effect of movement in exchange rates	-	21	21
At 31 December 2011/1 January 2012	35,817	5,941	41,758
Addition during the financial year	-	27	27
At 31 December 2012	35,817	5,968	41,785
ACCUMULATED AMORTISATION/ IMPAIRMENT LOSSES :-			
At 1 January 2011	(7,869)	(5,613)	(13,482)
Amortisation for the financial year	-	(218)	(218)
Effect of movement in exchange rates	-	(17)	(17)
At 31 December 2011/1 January 2012	(7,869)	(5,848)	(13,717)
Amortisation for the financial year	-	(109)	(109)
At 31 December 2012	(7,869)	(5,957)	(13,826)
CARRYING AMOUNT:-			
At 31 December 2012	27,948	11	27,959
At 31 December 2011	27,948	93	28,041

9. INTANGIBLE ASSETS (CONT'D)

Impairment testing for CGUs containing goodwill

With effect from 1 January 2006, the Group no longer amortises goodwill on consolidation. Such goodwill is reviewed 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 ("CGU") to which the goodwill has been allocated exceeds its recoverable amount. Impairment loss is recognised in profit or loss and subsequent reversal is not allowed.

The Group has assessed the recoverable amounts of goodwill allocated and determined that no additional impairment is required.

The recoverable amount for the above is based on value in use calculations using cash flow projections covering a five-year period approved by the management.

The following describes the key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

- There will be no material changes in the structure and principal activities of the Group.
- There will not be any significant increase in the labour costs, adverse changes in the economic conditions or other abnormal factors, which will adversely affect the operations of the Units.
- Discount rate of 9% (2011 - 8%) is applied in determining the recoverable amounts of the Units. The discount rate was estimated based on the Group's existing rate of borrowings.

10. OTHER INVESTMENTS

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Quoted shares	4,567	6,216	-	-
Fair value gain/(loss) recognised in other comprehensive income	1,354	(1,649)	-	-
	5,921	4,567	-	-

10. OTHER INVESTMENTS (CONT'D)

	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000	THE COMPANY 2012 RM'000	THE COMPANY 2011 RM'000
Allowance for impairment loss:-				
At 1 January	-	-	-	-
Addition during the financial year	(2,168)	-	-	-
At 31 December	(2,168)	-	-	-
	3,753	4,567	-	-
Unquoted bonds, at cost	2,080	2,080	2,080	2,080
Allowance for impairment loss:-				
At 1 January/ 31 December	(2,080)	(2,080)	(2,080)	(2,080)
	-	-	-	-
Total carrying amount	3,753	4,567	-	-
Measured using:				
Cost model	-	-		
Fair value model	3,753	4,567		
Total carrying amount	3,753	4,567		
Market value of quoted investments in Malaysia	3,753	4,567		

(a) The Group designated its investments in quoted shares as available-for-sale financial assets and measured at fair value.

(b) The Group designated its investments in unquoted bonds as available-for-sale financial assets which are stated at cost as their fair values cannot be reliably measured using valuation techniques due to the lack of marketability of the bonds.

11. DEFERRED TAX ASSETS

	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000	THE COMPANY 2012 RM'000	THE COMPANY 2011 RM'000
At 1 January	2,771	3,174	1,121	1,557
Recognised in profit or loss (Note 24)	488	(403)	75	(436)
At 31 December	3,259	2,771	1,196	1,121

The deferred tax assets are attributed to the following:-

	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000	THE COMPANY 2012 RM'000	THE COMPANY 2011 RM'000
Unabsorbed capital allowances	2,316	2,042	1,756	1,515
Unutilised tax losses	927	971	-	-
Revaluation of property	(283)	(283)	(283)	(283)
Accelerated capital allowances over depreciation	299	41	(277)	(111)
At 31 December	3,259	2,771	1,196	1,121

12. INVENTORIES

Inventories represent eyecare products for sale stated at cost.

None of the inventories are stated at net realisable value.

13. CASH AND CASH EQUIVALENTS

		THE GROUP		THE COMPANY	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
Short-term investments with financial institutions	(a)	26,046	10,533	26,046	10,533
Fixed deposits with licensed banks	(b)	52,722	11,811	52,598	11,691
Cash and bank balances		29,519	64,811	17,026	57,455
		108,287	87,155	95,670	79,679

(a) Short-term investments with financial institutions

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Short-term investments with financial institutions	28,046	12,533	28,046	12,533
Allowance for impairment loss	(2,000)	(2,000)	(2,000)	(2,000)
	26,046	10,533	26,046	10,533

(b) Fixed deposits with licensed banks of the Group and the Company amounting to approximately RM12,530,000 (2011 - RM11,691,000) and RM12,406,000 (2011 – RM11,691,000) respectively are pledged for banking facilities granted to the Group and the Company.

As at the end of the reporting period, the fixed deposits:

(i) bore a weighted average effective interest rate of 3.23% (2011 - 3.12%) per annum; and

(ii) have maturity periods ranging from 1 month to 12 months (2011 - 1 month to 12 months).

14. SHARE CAPITAL

		THE GROUP/THE COMPANY			
	PAR VALUE	2012	2011	2012	2011
		NUMBER OF SHARES			
ORDINARY SHARES:-	RM	'000	'000	RM'000	RM'000
AUTHORISED					
At 1 January	0.25/0.50	1,000,000	500,000	250,000	250,000
Share split	0.25	-	500,000	-	-
At 31 December	0.25	1,000,000	1,000,000	250,000	250,000
ISSUED AND FULLY PAID-UP					
At 1 January	0.25/0.50	558,697	251,247	139,674	125,623
Exercise of warrants	0.50	-	21,660	-	10,830
Share split	0.25	-	272,907	-	-
Exercise of warrants	0.25	106,181	12,883	26,545	3,221
At 31 December	0.25	664,878	558,697	166,219	139,674

(a) During the financial year, the Company increased its issued and paid-up share capital from RM139,674,000 to RM166,219,000 by the issuance of 106,181,000 new ordinary shares of RM0.25 each pursuant to the exercise of warrants.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

14. SHARE CAPITAL (CONT'D)

(b) In the previous financial year, the Company:-

(i) completed a 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 ("Share Split"); and

(ii) increased its issued and paid-up share capital from RM125,623,000 to RM139,674,000 by the issuance of:

(a) 21,660,000 new ordinary shares of RM0.50 each prior to the Share Split pursuant to the exercise of warrants; and

(b) 12,883,000 new ordinary shares of RM0.25 each after the Share Split pursuant to the exercise of warrants.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

15. RESERVES

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Retained profits	89,973	61,572	8,484	9,179
Warrant reserve	2,087	4,742	2,087	4,742
Share premium	45,612	16,412	45,612	16,412
Available-for-sale financial asset reserve	(20)	(1,374)	-	-
Exchange translation reserve	476	204	-	-
Treasury shares	(37,475)	(37,471)	(37,475)	(37,471)
	100,653	44,085	18,708	(7,138)

15. RESERVES (CONT'D)

(a) Retained profits

As at the end of the reporting date, the Company will be able to distribute dividends out of its entire retained profits under the single tier system.

(b) Warrant reserve

The movements in the warrant reserve of the Group and of the Company are as follows:-

	THE GROUP/THE COMPANY	
	2012 RM'000	2011 RM'000
At 1 January	4,742	6,147
Exercise of warrants	(2,655)	(1,405)
At 31 December	2,087	4,742

The Warrants 2010/2015 are constituted by a Deed Poll dated 15 July 2010.

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

15. RESERVES (CONT'D)

(b) Warrant reserve (Cont'd)

At the end of the reporting period, there were 83,501,094 (2011 - 189,683,154) unexercised Warrants in issue at a revised exercise price of RM0.50.

The principal terms are as follows:-

(i)	Tenure	5 years from the date of issuance of the warrants.
(ii)	Exercise Period	The Warrants shall be exercisable at any time within the period commencing on, and inclusive of, the date of issue of the warrants and ending on the date preceding the 5th anniversary of the date of issue of the Warrants.
(iii)	Exercise Rights	Each Warrant entitles the holder to subscribe for 1 new ordinary share of RM0.25 (prior to share split exercise, the par value of ordinary share was RM0.50) each ("Share") at the Exercise Price at any time during the Exercise Period.
(iv)	Exercise Price	RM1.00 cash per new Share, subject to the adjustments in accordance with the provisions of the Deed Poll. This was subsequently adjusted to RM0.50 each per new share upon the share split exercise of the Company completed on 12 July 2011.
(v)	Listing	Approval has been obtained from Bursa Securities vide its letter dated 3 June 2010 for the admission of the Warrants to the Official List of Bursa Securities, the listing of and quotation for the Warrants, and the listing of and quotation for the new Shares to be issued pursuant to the exercise of the Warrants on the Main Market.
(vi)	Adjustment in the Exercise Price and/or the number of Warrants held by Holders in the event or alteration to the share capital	Subject to the provisions of the Deed Poll, the Exercise Price and/or the number of Warrants held by each Holder shall be adjusted by the Directors in consultation with the auditor or principal adviser, in the event of alteration to share capital of the Company including but not limited to share consolidation or subdivision or conversion, issuance of shares by way of capitalisation of profits or reserves, capital distribution and right issue of shares or convertible securities in accordance with provisions as set out in the Deed Poll.

15. RESERVES (CONT'D)

(b) Warrant reserve (Cont'd)

The ordinary shares issued from the exercise of Warrants shall rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, distributions, rights, allotment and/or any other forms of distribution where the entitlement date of which precedes the relevant date of the allotment and issuance of the new shares arising from the exercise of Warrants.

(c) Share premium

The movement in the share premium of the Group and of the Company is as follows:-

	THE GROUP/THE COMPANY	
	2012 RM'000	2011 RM'000
At 1 January	16,412	956
Exercise of Warrants	29,200	15,456
At 31 December	45,612	16,412

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965 in Malaysia.

(d) Available-for-sale financial asset reserve

The available-for-sale financial asset reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

(e) Exchange translation reserve

The exchange translation reserve arose from the translation of the financial statements of a foreign subsidiary and is not distributable by way of dividends.

15. RESERVES (CONT'D)

(f) Treasury shares

During the financial year, the Company purchased its issued ordinary shares in the open market under the share buy-back programme. Details are as follows:-

	Price Per Share					
	Lowest RM	Highest RM	Average RM	No. Of Shares	Par Value RM	Cost Of Shares RM'000
Balance at 1 January 2011				7,184,500	0.50	16,693
Addition during the financial year	3.25	3.81	3.54	3,747,400	0.50	13,256
Consequential adjustment due to share split				10,931,900		-
Addition during the financial year	1.69	1.91	1.80	4,175,800	0.25	7,522
Balance at 31 December 2011/ 1 January 2012				26,039,600	0.25	37,471
Addition during the financial year	1.87	2.06	1.97	2,000	0.25	4
Balance at 31 December 2012				26,041,600	0.25	37,475

The share buy-back programme was financed by internally generated funds. The shares purchased were retained as treasury shares in accordance with Section 67A of the Companies Act 1965 in Malaysia and are presented as a deduction from shareholders' equity.

During the financial year, there were no re-sale of treasury shares.

16. LONG-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Hire purchase and finance lease payables (Note 17)	1,254	3,412	94	179
Term loans (Note 18)	44,000	1,580	-	-
	45,254	4,992	94	179

17. HIRE PURCHASE AND FINANCE LEASE PAYABLES

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Minimum hire purchase and finance lease payments:				
- repayable within one year	2,815	3,743	95	105
- repayable between one year to five years	1,404	3,683	98	192
	4,219	7,426	193	297
Less: Future finance charges	(241)	(540)	(14)	(28)
Present value of hire purchase and finance lease payables	3,978	6,886	179	269

17. HIRE PURCHASE AND FINANCE LEASE PAYABLES (CONT'D)

The net hire purchase and finance lease payables are repayable as follows:-

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Non-current:				
- repayable between one year to five years (Note 16)	1,254	3,412	94	179
Current:				
- not later than one year (Note 21)	2,724	3,474	85	90
	3,978	6,886	179	269

The hire purchase and finance lease payables at the end of the reporting period bore interest rates ranging from 2.00% to 6.98% (2011 – 2.30% to 8.00%) per annum.

18. TERM LOANS

	THE GROUP	
	2012 RM'000	2011 RM'000
Non-current portion (Note 16):		
- repayable between one year to two years	-	251
- repayable between two to five years	6,000	874
- repayable after five years	38,000	455
	44,000	1,580
Current portion (Note 21):		
- repayable within one year	-	263
	44,000	1,843

18. TERM LOANS (CONT'D)

The details of the term loans at the end of the reporting period are as follows:-

	NUMBER OF MONTHLY INSTALMENTS	MONTHLY INSTALMENTS RM	EFFECTIVE DATES OF COMMENCEMENT OF REPAYMENT	AMOUNT OUTSTANDING 2012 RM'000	2011 RM'000
Term loan 1	109	*	Jan 2016 ^	44,000	-
Term loan 2	36	9,119	March 2009	-	29
Term loan 3	84	29,870	July 2011	-	1,814
				44,000	1,843

* To be determined by the bank on the commencement of repayment
^ The monthly principal repayment for term loan 1 will commence on the 37th month from the date of the first drawdown.

During the financial year, the Company has fully settled term loans 2 and 3.

The term loan at the end of the reporting period bore a weighted average effective interest rate of 4.11% (2011 – 7.60%) per annum.

Term loan 1 is secured by:
(i) a facility agreement;
(ii) a first party first legal charge over the freehold land of a subsidiary (Note 7); and
(iii) a corporate guarantee given by the Company.

In the previous financial year, term loan 3 was secured by a first legal charge over the leasehold property of a subsidiary (Note 7) and a personal guarantee of a director.

19. DEFERRED TAX LIABILITIES

	THE GROUP 2012 RM'000	2011 RM'000
At 1 January	4,322	2,487
Recognised in profit or loss (Note 24)	(2,283)	1,835
At 31 December	2,039	4,322

The deferred tax liabilities represent accelerated capital allowances.

20. PAYABLES

		THE GROUP		THE COMPANY	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade					
Trade payables	(a)	1,113	1,175	-	-
Non-Trade					
Other payables and accruals	(b)	35,031	36,675	3,277	5,247
Amount owing to subsidiaries	(c)	-	-	63,576	44,559
		36,144	37,850	66,853	49,806

(a) Trade payables

The normal trade credit terms granted to the Group ranged from 30 to 60 days (2011 – 30 to 90 days).

(b) Other payables and accruals

Included in the other payables and accruals of the Group are deposits received from students amounting to approximately RM9,177,000 (2011 – RM3,749,000).

(c) Amount owing to subsidiaries

The amount owing to subsidiaries is non-trade in nature, unsecured, interest-free and repayable on demand. The foreign currency exposure profile of the amount owing to the subsidiaries of the Company at the end of the reporting period is as follows:-

	THE COMPANY	
	2012 RM'000	2011 RM'000
United States Dollar	7,964	2,104

21. SHORT-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Hire purchase and finance lease payables (Note 17)	2,724	3,474	85	90
Term loans (Note 18)	-	263	-	-
	2,724	3,737	85	90

22. REVENUE

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Educational services rendered	284,267	277,603	1,954	1,954
Management fee	-	-	14,356	13,961
Rental income	586	637	18,071	18,095
Dividend income	72	53	26,510	40,893
	284,925	278,293	60,891	74,903

23. PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Allowance for impairment loss on other investments	2,168	-	-	-
Allowance for impairment losses on:				
- trade receivables	153	-	-	-
- other receivables	172	641	-	244
Amortisation of development costs	109	218	-	-
Audit fee:				
- for the current financial year	260	237	45	42
- underprovision in the previous financial year	4	16	-	-
Bad debts written off	1,265	-	-	-
Depreciation of property, plant and equipment	10,166	8,802	374	403
Directors' fee	257	323	257	323
Directors' non-fee emoluments	2,154	3,471	2,020	3,337
Impairment loss on goodwill	31	-	-	-
Interest expense	468	746	18	207
Lease of premises	18,586	17,230	17,212	15,632
Pre-operating expenses	3	-	-	-
Property, plant and equipment written off	2	58	2	-
Rental expense:				
- equipment	561	275	-	-
- hostel	16,571	16,118	-	-
- premises	5,453	5,452	748	748

23. PROFIT BEFORE TAXATION (CONT'D)

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Staff costs:				
- salaries, wages, bonuses and allowances	82,131	73,638	1,482	1,067
- defined contribution plans	9,049	6,980	120	90
- other benefits	5,167	4,599	134	300
Loss/(Gain) on disposal of property, plant and equipment	16	(59)	-	-
Loss/(Gain) on foreign exchange:				
- realised	21	(3)	(1)	-
- unrealised	-	(170)	-	-
Dividend income	(72)	(53)	(26,510)	(40,893)
Gain on disposal of other investments	-	(163)	-	-
Gain on disposal of subsidiaries	(299)	-	-	-
Interest income:				
- subsidiaries	-	-	(734)	(725)
- others	(1,749)	(1,775)	(1,742)	(1,772)
Net gain on disposal of investment in an associate	-	(54)	-	-
Rental income	(747)	(758)	(18,070)	(18,095)
Writeback of allowance for impairment loss on other receivables	(10)	-	(10)	-

24. INCOME TAX EXPENSE

	THE GROUP 2012 RM'000	THE GROUP 2011 RM'000	THE COMPANY 2012 RM'000	THE COMPANY 2011 RM'000
Current taxation:				
- for the financial year	11,851	14,321	1,590	1,500
- share of taxation in an associate	-	2	-	-
- (over)/underprovision in the previous financial years	(713)	(559)	(150)	37
	11,138	13,764	1,440	1,537
Deferred tax assets (Note 11):				
- relating to originating and recognition of temporary differences	(488)	379	16	427
- over/(under)provision in the previous financial year	-	24	(91)	9
	(488)	403	(75)	436
Deferred tax liabilities (Note 19):				
- relating to originating and recognition of temporary differences	(1,064)	846	-	-
- (over)/underprovision in the previous financial year	(1,219)	989	-	-
	(2,283)	1,835	-	-
	8,367	16,002	1,365	1,973

24. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before taxation	68,383	88,218	32,612	47,350
Tax at the statutory tax rate of 25%	17,095	22,055	8,153	11,838
Tax effects of:-				
Non-deductible expenses	1,625	2,184	286	384
Non-taxable gain	(7,528)	(8,786)	(6,833)	(10,295)
Deferred tax assets not recognised during the financial year	1,389	291	-	-
Utilisation of previously unrecognised deferred tax assets	(1,529)	(82)	-	-
(Over)/Underprovision in the previous financial year:				
- current tax	(713)	(559)	(150)	37
- deferred tax	(1,219)	965	(91)	9
Differential in tax rates	(753)	(66)	-	-
Tax for the financial year	8,367	16,002	1,365	1,973

Subject to agreement with the tax authorities, the Group has unabsorbed capital allowances and unutilised tax losses available at the end of the reporting period to be carried forward for offset against future taxable business income are as follows:-

	THE GROUP	
	2012 RM'000	2011 RM'000
Unutilised tax losses	12,619	6,570
Unabsorbed capital allowances	9,546	80
	22,165	6,650

25. EARNINGS PER SHARE

(a) The basic earnings per share is arrived at by dividing the Group's profit attributable to shareholders of RM60,343,000 (2011 - RM72,314,000) by the weighted average number of ordinary shares in issue during the financial year, net of treasury shares, of approximately 592,815,000 (2011 - 512,471,000).

(b) Diluted earnings per share is as follows:-

	THE GROUP	
	2012 RM'000	2011 RM'000
Earnings		
Profit attributable to the owners of the Company	60,343	72,314
Weighted average number of ordinary shares, adjusted for share split and bonus issue ('000)	592,815	512,471
Effect of dilution ('000)		
- Exercise of warrants	72,200	135,545
Adjusted weighted average number of ordinary shares ('000)	665,015	648,016
Diluted earnings per share (sen)	9.07	11.16

26. DIVIDENDS

	THE GROUP/THE COMPANY	
	2012 RM'000	2011 RM'000
In respect of the financial year ended:-		
31 December 2010:		
- final single tier dividend of RM0.07 per ordinary share of RM0.50 each	-	17,841
31 December 2011:		
- a special dividend of RM0.14 per ordinary share of RM0.50 each less 25% tax	-	25,914
- a second interim single tier dividend of RM0.10 per ordinary share of RM0.25 each	-	53,263
In respect of the financial year ended:-		
31 December 2012:		
- an interim single tier dividend of RM0.05 per ordinary share of RM0.25 each	31,942	-
	31,942	97,018

27. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cost of property, plant and equipment purchased	74,564	15,951	92	114
Amount financed through:				
- hire purchase and finance lease	(591)	(2,716)	-	-
Cash disbursed for purchase of property, plant and equipment	73,973	13,235	92	114

28. ACQUISITION OF A SUBSIDIARY

(a) In the current financial year, the details of net assets acquired and cash flows arising from the acquisition of a subsidiary were as follows:-

	AT DATE OF ACQUISITION RM'000
Assets	*
Liabilities	(31)
Fair value of net assets acquired	(31)
Goodwill on acquisition of a subsidiary	31
Total purchase consideration	*
Less: Cash at bank of the subsidiary	*
Net cash outflow on acquisition of a subsidiary	*

* *- less than RM1,000*

(b) In the previous financial year, the details of net assets acquired and cash flows arising from the acquisition of subsidiaries were as follows:-

	AT DATE OF ACQUISITION RM'000
Assets	5,347
Liabilities	(5,089)
Fair value of net assets acquired	258
Goodwill on acquisition of subsidiaries	442
Total purchase consideration	700
Less: Cash at bank of the subsidiaries	(142)
Net cash outflow on acquisition of subsidiaries	558

29. DISPOSAL OF SUBSIDIARIES

In the current financial year, the details of net assets disposed of and cash flows arising from the disposal of subsidiaries were as follows:-

	THE GROUP RM'000
Assets	7,304
Liabilities	(7,103)
Fair value of net assets disposed	201
Gain on disposal of subsidiaries	299
Sale proceeds from disposal of subsidiaries	500
Less: Cash at bank of the subsidiaries	(35)
Net cash inflow for disposal of subsidiaries	465

30. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received and receivable by Directors of the Group and of the Company during the financial year are as follows:-

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Executive directors:				
- salaries and other short-term employee benefits	1,927	3,106	1,807	2,986
- contribution to Employees' Provident Fund ("EPF")	227	365	213	351
	2,154	3,471	2,020	3,337
Non-executive directors:				
- fee	257	323	257	323

30. DIRECTORS' REMUNERATION (CONT'D)

The details of emoluments for the directors of the Group and of the Company received/receivable for the financial year in bands of RM50,000 are as follows:-

	2012		2011	
THE GROUP	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
Nil	-	2	-	-
Below RM50,000	-	4	-	4
RM50,001 - RM100,000	-	2	-	2
RM450,001 – RM500,000	1	-	-	-
RM500,001 – RM550,000	1	-	-	-
RM550,001 – RM600,000	2	-	-	-
RM650,001 – RM700,000	-	-	1	-
RM850,001 – RM900,000	-	-	2	-
RM1,000,001 – RM1,050,000	-	-	1	-

THE COMPANY				
Nil	-	2	-	-
Below RM50,000	-	4	-	4
RM50,001 - RM100,000	-	2	-	2
RM400,001 – RM450,000	1	-	-	-
RM450,001 – RM500,000	1	-	-	-
RM550,001 – RM600,000	2	-	-	-
RM650,001 – RM700,000	-	-	1	-
RM700,001 – RM750,000	-	-	1	-
RM850,001 – RM900,000	-	-	1	-
RM1,000,001 – RM1,050,000	-	-	1	-

31. RELATED PARTY DISCLOSURES

(a) Identities of related parties

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year:-

	THE COMPANY	
	2012	2011
	RM'000	RM'000
Sale of services to subsidiaries:		
- interest charge	734	725
- maintenance fee	1,774	1,774
- management fee	14,356	13,961
- rental of premises	17,547	17,547
- service charge	180	180
Purchase of services from subsidiary:		
- accreditation fee	7,767	6,864
- management fee	4,727	4,675
Dividend income from subsidiaries	26,510	40,893

31. RELATED PARTY DISCLOSURES (CONT'D)

(b) Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year (Cont'd):-

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Key management personnel compensation				
Directors' of the Company:				
- fee	257	323	257	323
- remuneration	1,927	3,106	1,807	2,986
- contribution to EPF	227	365	213	351
	2,411	3,794	2,277	3,660
Other key management personnel:				
- salary and other short-term employee benefits	2,382	1,375	725	375
- contribution to EPF	279	161	83	44
	2,661	1,536	808	419
Total	5,072	5,330	3,085	4,079

32. CONTINGENT LIABILITIES

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Corporate guarantee given to secure banking facilities granted to certain a subsidiary	-	-	44,000	-
Bank guarantee given to an electricity provider *	73	83	-	-
	73	83	44,000	-

* *This is secured by a pledge over the fixed deposits of a subsidiary.*

33. COMMITMENTS

Capital commitments

Authorised capital expenditure not provided for in the financial statements:-

	THE GROUP	
	2012 RM'000	2011 RM'000
Approved but not contracted for:		
- purchase of property, plant and equipment	100,000	399
Approved and contracted for:		
- purchase of plant and equipment	2,400	-

33. COMMITMENTS (CONT'D)

Operating lease commitments

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Not later than one year	22,550	23,476	17,387	17,212
Later than one year and not later than five years	77,469	79,823	74,917	73,989
Later than five years	13,637	31,952	13,637	31,952
Total	113,656	135,251	105,941	123,153

34. FOREIGN EXCHANGE RATE

The applicable closing foreign exchange rate used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the end of the reporting period is as follows:-

	THE GROUP	
	2012 RM	2011 RM
United States Dollar	3.06	3.18

35. OPERATING SEGMENTS

Segmental reporting is not presented as the Group is principally engaged in the provision of educational activities, which is substantially within a single business segment and operates wholly in Malaysia.

36. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

36.1 Financial Risk Management Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its market risk, credit risk and liquidity risk. The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group does not have material foreign currency transactions, assets or liabilities and hence the exposure to foreign currency risk is not material.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 36.1(c) to the financial statements.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	Increase/ (Decrease) RM'000	Increase/ (Decrease) RM'000	Increase/ (Decrease) RM'000	Increase/ (Decrease) RM'000
Effects on profit after taxation/ equity				
Increase of 100 basis points (bp)	64	75	392	88
Decrease of 100 bp	(64)	(75)	(392)	(88)

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group's exposure to price risks is nominal as the investment in quoted shares is considered insignificant.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

(i) Credit risk concentration profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

(ii) Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the reporting date.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Ageing analysis

The ageing analysis of the Group's trade receivables at the reporting date is as follows:-

THE GROUP	GROSS AMOUNT RM'000	INDIVIDUAL IMPAIRMENT RM'000	CARRYING VALUE RM'000
2012			
Not past due	38,526	-	38,526
Past due:			
- over 6 months	342	(325)	17
	38,868	(325)	38,543
2011			
Not past due	23,693	-	23,693
Past due:			
- 3 to 6 months	16	-	16
- over 6 months	522	(355)	167
	24,231	(355)	23,876

These receivables are not secured by any collateral or credit enhancement.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Ageing analysis (Cont'd)

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 180 days, which are deemed to have higher credit risk, are monitored individually. Based on past experiences, the management believes that no allowance for impairment is necessary in respect of these balances.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash and bank balances and the availability of funding through certain committed credit facilities.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

THE GROUP	WEIGHTED EFFECTIVE INTEREST RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 - 5 YEARS RM'000	OVER 5 YEARS RM'000
2012						
Payables	-	36,144	36,144	36,144	-	-
Hire purchase and finance lease payables	2.00% - 6.98%	3,978	4,219	2,815	1,404	-
Term loans	4.11%	44,000	44,517	-	6,000	38,517
Dividend payable	-	31,942	31,942	31,942	-	-
		116,064	116,822	70,901	7,404	38,517
2011						
Payables	-	37,850	37,850	37,850	-	-
Hire purchase and finance lease payables	2.30% - 8.00%	6,886	7,426	3,743	3,683	-
Term loans	4.30% - 7.60%	1,843	2,300	388	1,792	120
Dividend payable	-	53,263	53,263	53,263	-	-
		99,842	100,839	95,244	5,475	120

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

THE COMPANY	WEIGHTED EFFECTIVE INTEREST RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 - 5 YEARS RM'000
2012					
Payables	-	66,853	66,853	66,853	-
Hire purchase and finance lease payables	5.2%	179	193	95	98
Dividend payable	-	31,942	31,942	31,942	-
		98,974	98,988	98,890	98
2011					
Payables	-	49,806	49,806	49,806	-
Hire purchase and finance lease payables	5.2%	269	297	105	192
Dividend payable	-	53,263	53,263	53,263	-
		103,338	103,366	103,174	192

36. FINANCIAL INSTRUMENTS (CONT'D)

36.2 Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

The management are of the opinion that the Group has insignificant external borrowings and therefore the debt-to-equity ratio is not presented as it does not provide a meaningful indicator of the risk of borrowings.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.3 Classification Of Financial Instruments

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Available-for-sale financial assets				
Other investments	3,753	4,567	-	-
Loans and receivables financial assets				
Receivables	54,492	34,378	108,466	77,804
Cash and cash equivalents	108,287	87,155	95,670	79,679
	162,779	121,533	204,136	157,483
Financial liability				
Other financial liabilities				
Payables	36,144	37,850	66,853	49,806
Hire purchase and finance lease payables	3,978	6,886	179	269
Term loans	44,000	1,843	-	-
Dividend payable	31,942	53,263	31,942	53,263
	116,064	99,842	98,974	103,338

36. FINANCIAL INSTRUMENTS (CONT'D)

36.4 Fair Values Of Financial Instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values.

The following summarises the methods used to determine the fair values of the financial instruments:-

(a) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(b) The fair value of quoted investments is estimated based on their quoted market prices at the reporting date.

(c) The carrying amounts of the term loans approximated their fair values as the fair values are determined by discounting the relevant cash flows using interest rates for similar types of instruments.

36.5 Fair Value Hierarchy

The fair values of the financial assets and liabilities are analysed into level 1 to 3 as follows:-

Level 1: Fair value measurements derive from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements derive from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair value measurements derive from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

<u>Fair Value Hierarchy Analysis</u>

The Group has carried its quoted investments that are classified as available-for-sale financial assets at their fair values. These financial assets belong to level 1 of the fair value hierarchy.

37. TRANSITION TO THE MFRS FRAMEWORK

As stated in Note 3.1 to the financial statements, these are the first financial statements of the Group and the Company prepared in accordance with MFRSs. The accounting policies in Note 4 to the financial statements have been applied to all financial information covered under this set of financial statements.

In preparing the opening MFRS statements of financial position at 1 January 2011 (date of transition), the Group and the Company have adjusted amounts reported previously in financial statements prepared in accordance with FRSs. The financial impacts on the transition are as below:-

RECONCILIATION OF FINANCIAL POSITION

		< 1.1.2011 >			< 31.12.2011 >		
		FRSs	**Transition Effects**	**MFRSs**	**FRSs**	**Transition Effects**	**MFRSs**
The Group	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revaluation reserve	(a)	1,952	(1,952)	-	1,927	(1,927)	-
Retained profits	(a), (b)	85,716	560	86,276	61,037	535	61,572
Exchange translation reserve	(b)	(1,392)	1,392	-	(1,188)	1,392	204
The Company							
Revaluation reserve	(a)	1,952	(1,952)	-	1,927	(1,927)	-
Retained profits	(b)	58,868	1,952	60,820	7,252	1,927	9,179

37. TRANSITION TO THE MFRS FRAMEWORK (CONT'D)

RECONCILIATION OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

There are no material differences between the statements of profit or loss and other comprehensive income presented under FRSs and MFRSs.

RECONCILIATION OF CASH FLOWS

There are no material differences between the statements of cash flows presented under FRSs and MFRS.

NOTES TO RECONCILIATIONS

(a) Property, plant and equipment – Deemed Cost Exemption

Under FRSs, the Group and the Company measured their freehold land and buildings at valuation.

In December 1993, the freehold land and building which are reported at valuation were revalued by the directors using the open market value basis based on a valuation carried out by an independent firm of professional valuers. The surplus arising from the revaluation, net of deferred taxation, has been credited to the revaluation reserve account. The Group has availed itself to the transitional provision when MASB first adopted IAS 16, Property, Plant and Equipment.

Upon transition to MFRSs, the Group elected to use the previous valuation as deemed cost under MFRSs. There was no impact to the carrying value of this asset. However, the revaluation reserve at 1 January 2011 and 31 December 2011 were transferred to retained profits.

(b) Exchange translation reserve

Upon transition to MFRSs, the Group elected to reclassify foreign currency translation reserve to retained profits. The cumulative translation differences for all foreign operations are reset to zero at 1 January 2011 under MFRSs.

38. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained profits of the Group and the Company at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	THE GROUP		THE COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total retained profits:				
- realised	86,485	60,096	6,775	8,058
- unrealised	1,733	(1,092)	1,709	1,121
	88,218	59,004	8,484	9,179
Consolidation adjustments	1,755	2,568	-	-
At 31 December	89,973	61,572	8,484	9,179