



SEG
International
Bhd

(145998-U)

SUMMARY OF KEY FINANCIAL INFORMATION
31 DECEMBER 2014

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
1 Revenue	58,872	61,982	242,120	236,904
2 Profit before tax	3,252	5,236	24,412	31,709
3 Profit for the year	4,640	8,436	23,128	32,436
4 Profit attributable to ordinary equity holders of the parent	4,677	8,349	23,363	32,978
5 Basic earnings per share (sen)	0.72	1.30	3.63	5.14
6 Proposed/Declared dividend per share of RM0.25 each (sen)	6.00	2.50	11.00	7.50
			AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
7 Net assets per share attributable to ordinary equity holders of the parent (RM)			0.3441	0.3948

ADDITIONAL INFORMATION

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
1. Gross interest income	317	436	1,109	1,665
2. Gross interest expense	(583)	(1,579)	(2,215)	(2,050)



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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2014

	Current Period 3 months ended 31-December		Cumulative Period 12 months ended 31-December	
	2014 (RM'000)	2013 (RM'000)	2014 (RM'000)	2013 (RM'000)
Revenue - services	58,872	61,982	242,120	236,904
Cost of services	(17,447)	(19,155)	(71,935)	(76,783)
Gross profit	41,425	42,827	170,185	160,121
Other income	3,361	3,116	14,838	26,826
Distribution expenses	(6,741)	(7,898)	(29,887)	(32,742)
Administrative expenses	(14,751)	(13,969)	(57,229)	(53,807)
Other expenses	(19,459)	(17,261)	(71,280)	(66,639)
Finance costs	(583)	(1,579)	(2,215)	(2,050)
Profit before taxation	3,252	5,236	24,412	31,709
Income tax expense	1,388	3,200	(1,284)	727
Profit after taxation	4,640	8,436	23,128	32,436
Attributable to :				
Owners of the Company	4,677	8,349	23,363	32,978
Non-Controlling interests	(37)	87	(235)	(542)
	4,640	8,436	23,128	32,436
Other comprehensive income, net of tax				
Available-for-sale financial asset - fair value gain	(70)	(30)	(170)	80
Foreign currency translation differences for foreign operations	661	95	622	10
Total comprehensive income for the year	5,231	8,501	23,580	32,526
Total comprehensive income, attributable to :				
Owners of the Company	5,268	8,414	23,815	33,068
Non-Controlling interests	(37)	87	(235)	(542)
	5,231	8,501	23,580	32,526
Earnings per share attributable to equity holders of the Company (sen):-				
- Basic	0.72	1.30	3.63	5.14
- Fully diluted	0.68	1.18	3.41	4.65

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2013.



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2014

	As at 31 December 2014 (RM'000)	As at 31 December 2013 (RM'000)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	132,335	192,437
Receivables	1,853	1,245
Intangible assets	27,940	28,078
Other investments	830	1,000
Deferred tax assets	10,258	10,231
	<u>173,216</u>	<u>232,991</u>
CURRENT ASSETS		
Inventories	58	90
Assets held for sale	56,970	-
Receivables	26,661	37,467
Tax recoverable	16,578	16,364
Cash and bank balances	101,732	68,125
	<u>201,999</u>	<u>122,046</u>
TOTAL ASSETS	<u>375,215</u>	<u>355,037</u>
EQUITY AND LIABILITIES		
CURRENT LIABILITIES		
Payables	61,026	32,325
Short-term borrowings	1,031	1,075
Current tax liabilities	672	578
Dividend payable	40,441	16,057
	<u>103,170</u>	<u>50,035</u>
NET CURRENT ASSETS	<u>98,829</u>	<u>72,011</u>
NON-CURRENT LIABILITIES		
Payables	1,279	2,258
Long-term borrowings	45,242	44,212
Deferred tax liabilities	4,446	5,121
	<u>50,967</u>	<u>51,591</u>
TOTAL LIABILITIES	<u>154,137</u>	<u>101,626</u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Share capital	175,017	167,090
Treasury shares	(37,482)	(37,479)
Share premium	55,288	46,569
Reserves	28,638	77,379
	<u>221,461</u>	<u>253,559</u>
NON-CONTROLLING INTERESTS	<u>(383)</u>	<u>(148)</u>
TOTAL EQUITY	<u>221,078</u>	<u>253,411</u>
TOTAL EQUITY AND LIABILITIES	<u>375,215</u>	<u>355,037</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2013.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2014

	Non-Distributable				Distributable				Total Equity RM'000		
	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Available- for-sale Financial Assets Reserve RM'000	Exchange Translation Reserve RM'000	Other Capital Reserve RM'000	Treasury Shares RM'000	Retained Profits RM'000		Attributable to Owners of the Company RM'000	Non- Controlling Interests RM'000
Balance at 1 January 2014	167,090	46,569	2,001	60	486	-	(37,479)	74,832	253,559	(148)	253,411
Total comprehensive income for the financial year	-	-	-	(170)	622	-	-	23,363	23,815	(235)	23,580
Transactions with owners:-											
- Issuance of shares from exercise of warrants	7,927	8,719	(793)	-	-	-	-	-	15,853	-	15,853
- Purchase of own shares	-	-	-	-	-	-	(3)	-	(3)	-	(3)
- Share-based payments	-	-	-	-	-	861	-	-	861	-	861
- Dividends	-	-	-	-	-	-	-	(72,624)	(72,624)	-	(72,624)
Balance at 31 December 2014	175,017	55,288	1,208	(110)	1,108	861	(37,482)	25,571	221,461	(383)	221,078
Balance at 1 January 2013	166,219	45,612	2,087	(20)	476	-	(37,475)	89,973	266,872	396	267,268
Total comprehensive income for the financial year	-	-	-	80	10	-	-	32,978	33,068	(942)	32,526
Transactions with owners:-											
- Issuance of shares from exercise of warrants	871	957	(86)	-	-	-	-	-	1,742	-	1,742
- Purchase of own shares	-	-	-	-	-	-	(4)	-	(4)	-	(4)
- Dividends	-	-	-	-	-	-	-	(48,119)	(48,119)	-	(48,119)
- Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(2)	(2)
Balance at 31 December 2013	167,090	46,569	2,001	60	486	-	(37,479)	74,832	253,559	(148)	253,411

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2013.



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2014

	31 December 2014 (RM'000)	31 December 2013 (RM'000)
<u>Cash flows from operating activities</u>		
Profit before taxation	24,412	31,709
Adjustment for:-		
- Non-cash items	15,103	15,525
- Non-operating items	2,578	(16,036)
Operating profit before working capital changes	42,093	31,198
Changes in working capital		
- Decrease/(increase) in inventories	32	(64)
- Decrease in trade and other receivables	8,529	18,718
- Increase/(decrease) in trade and other payables	27,555	(1,469)
Cash from operations	78,209	48,383
- Net taxes paid	(2,106)	(8,484)
- Interest paid	(2,215)	(2,050)
Net cash from operating activities	73,888	37,849
<u>Cash flows from investing activities</u>		
- Additional of development costs	-	(215)
- Proceeds from disposal of property, plant and equipment	214	539
- Proceeds from disposal of quoted shares	-	3,064
- Purchase of property, plant and equipment	(7,488)	(18,197)
- (Placement)/withdrawal of deposits with licensed banks and financial institutions	(522)	39,527
- Dividend received	64	94
- Interest received	1,109	1,665
Net cash (used in)/from investing activities	(6,623)	26,477
<u>Cash flows from financing activities</u>		
- Net repayment of borrowings	(1,790)	(2,691)
- Purchase of own shares	(3)	(4)
- Proceeds from new shares, net of expenses	15,853	1,740
- Dividends paid	(48,240)	(64,004)
- Dividends paid to non-controlling interest	-	(2)
Net cash used in financing activities	(34,180)	(64,961)
Net Increase/(decrease) in cash and cash equivalents	33,085	(635)
Cash and cash equivalents at beginning of year	54,930	55,565
Cash and cash equivalents at end of year	88,015	54,930

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2013.



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Notes to interim financial report

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

1. **Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with the reporting requirements of MFRS 134: Interim Financial Reporting and the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report has been prepared in accordance with the accounting policies adopted in the 2013 annual financial statements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2013.

2. **Significant accounting policies**

The accounting policies adopted in the preparation of the interim financial report are consistent with those followed in the preparation of the Group's audited financial statements for the financial year ended 31 December 2013, except for the adoption of Amendments to Standards and Issue Committee (IC) interpretations effective as of 1 January 2014.

2.1 **Adoption of Amendments to Standards and IC Interpretations**

The Group has adopted the following Amendments to Standards and IC Interpretations, with a date of initial application of 1 January 2014.

Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Investment Entities
Amendments to MFRS 127	Separate Financial Statements: Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies



2. Significant accounting policies (Cont'd)

2.1 Adoption of Amendments to Standards and IC Interpretations (Cont'd)

Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions	Employee	1 July 2014
Annual Improvements to MFRSs 2010-2012 Cycle			1 July 2014
Annual Improvements to MFRSs 2011-2013 Cycle			1 July 2014

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

2.2 Standards issued but not yet effective

At the date of authorisation of the interim financial report, the following Standards were issued but not yet effective and have not been adopted by the Group:

Description	Effective for financial periods beginning on or after	
MFRS 9	Financial Instruments (IFRS 9 issued by International Accounting Standards Board (IASB) in November 2009)	1 January 2018
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)	1 January 2018
MFRS 9	Financial Instruments: Mandatory Effective Date of MFRS 9 and Transition Disclosures (Amendments to MFRS 9 and MFRS 7)	1 January 2018
MFRS 9	Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139)	1 January 2018
MFRS 14	Regulatory Deferral Accounts	1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2017
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016



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2. Significant accounting policies (Cont'd)

2.2 Standards issued but not yet effective (Cont'd)

**Effective for financial
periods beginning on or
after**

Description

Amendments to MFRS 116 and MFRS 141
Agriculture: Bearer Plants

1 January 2016

3. Qualification of Audit Report

The audit report of the financial statements of the Group for the year ended 31 December 2013 was not qualified.

4. Seasonal or cyclical factors

Full-time students enrol for courses during certain periods of the year whereas adult learners (part-time students) do not have preference for specific intakes.

With the combination of both full-time and part-time programmes offered by the Group, the effects of seasonal or cyclical factors are minimised.

5. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual.

There were no material unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the financial year ended 31 December 2014.

6. Nature and amount of changes in estimates

There were no changes in estimates of amounts previously reported which have a material effect in the financial year ended 31 December 2014.



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7. Issuance, cancellations, repurchases, resale and repayments of debt and equity securities

There were no cancellations, repurchases, resale and repayments of debts and equity securities during the financial year ended 31 December 2014 except for the following:

	No. of ordinary shares
No. of ordinary shares net of treasury shares as at 1 January 2014	642,315,288
Add: Issue of shares from exercise of warrants	<u>31,706,180</u>
	674,021,468
Less: Purchase of Company's own ordinary shares	<u>(2,000)</u>
No. of ordinary shares net of treasury shares as at 31 December 2014	<u>674,019,468</u>

During the previous quarters, the Company:

- (i) Issued 1,407,600 new ordinary shares pursuant to the exercise of warrants.
- (ii) Repurchased of 2,000 of its own ordinary shares from the open market at an average price of RM1.50 per share.

During the current quarter, the Company:

- (i) Issued 30,298,580 new ordinary shares pursuant to the exercise of warrants.

The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965. As at 31 December 2014, the total shares bought back, all of which are held as treasury shares, amounted to 26,045,600 shares of RM0.25 each.

8. Dividends paid

During the previous financial year, the Board of Directors declared a second interim single tier dividend of RM0.025 per ordinary share of RM0.25 each in respect of the financial year ended 31 December 2013. This second interim single tier dividend amounting to RM16,057,000 was paid on 15 January 2014.

On 21 May 2014, the Board of Directors declared the first interim single tier dividend of RM 0.05 per ordinary share of RM 0.25 each in respect of the financial year ended 31 December 2014. This interim single tier dividend amounting to RM32,183,000 was paid on 8 August 2014.

On 8 December 2014, the Board of Directors declared a second interim single tier dividend of RM 0.06 per ordinary share of RM 0.25 each in respect of the financial year ended 31 December 2014. This second interim single tier dividend amounting to RM40,441,000 was paid on 28 January 2015.

9. Segment reporting

The Group's turnover and profits were derived mainly from education and training activities and accordingly, no segment reporting is presented.



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10. Material subsequent events

There are no material subsequent events that have not been reflected in the financial statements for the financial year ended 31 December 2014.

11. Changes in composition of the Group

There were no major changes in the composition of the Group during the current quarter ended 31 December 2014, except on 10 November 2014, the Company through its wholly-owned subsidiary, SEG International Group Sdn Bhd, acquired one (1) ordinary share in Darson Limited, a company incorporated in Hong Kong, representing the entire issued and paid up capital of the company, for the purpose of providing education and recruitment services, and other related services, for cash consideration of HKD1.00.

12. Changes in contingent liabilities or contingent assets

There were no material contingent liabilities or contingent assets of the Group as at 31 December 2014.

13. Capital Commitment

Capital commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 December 2014 were as follow:

Approved and contracted for - RM630,000

14. Cash and bank balances

	As at 31 December 2014 (RM'000)
Total cash and bank balances	101,732
Less: Deposits with licensed banks and financial institution with maturity more than three months	<u>(13,717)</u>
Total cash and cash equivalents	<u>88,015</u>

15. Payables

Included in Payables are fees received in advance from students amounting to approximately RM26.9 million (31 Dec 2013: RM8.7 million).



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

1. Review of performance

For the year ended 31 December 2014, the Group achieved a revenue of RM242.1 million and a profit before taxation of RM24.4 million, an increase of 2.20% and decrease of 23.01% respectively, as compared to the previous financial year.

The profit before taxation in 2013 consists of a gain on sale of land of RM15.8 million. Comparing the profit before taxation for 2014 with the previous financial year before this gain, the Group achieved an increase in profits of 53.45%.

2. Variation of results against preceding quarter

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

3. Prospects for 2015

The Group launched a number of new initiatives in the last two years which have set a strong foundation for growth. With this in place, the Group expects its financial performance to improve further for this and the coming years.

4. Profit forecast

Not applicable.



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5. Notes to the Consolidated Statement of Comprehensive Income

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

	Current Quarter Ended 31/12/2014 (RM'000)	Comparative Quarter Ended 31/12/2013 (RM'000)	Cumulative to-date 31/12/2014 (RM'000)	Cumulative to-date 31/12/2013 (RM'000)
Allowance for impairment on:				
- trade receivables	-	(1,279)	-	1,644
Amortisation of development costs	26	26	190	96
Bad debts written off	251	1,384	618	1,611
Depreciation expense	3,466	2,945	13,619	11,633
Interest income	(317)	(436)	(1,109)	(1,665)
Gain on disposal of quoted investment	-	-	-	(311)
Gain on foreign exchange	(16)	(4)	(14)	(46)
(Gain)/Loss on disposal of property, plant and equipment	88	(244)	(24)	(16,016)

6. Tax expenses

	Current quarter ended 31 December 2014 (RM'000)	Cumulative to-date 31 December 2014 (RM'000)
Current tax expense		
- current	(499)	2,114
- prior year	(39)	(54)
	<u>(538)</u>	<u>2,060</u>
Deferred tax expense		
- current	(343)	(343)
- prior year	(507)	(433)
	<u>(850)</u>	<u>(776)</u>
Total	<u>(1,388)</u>	<u>1,284</u>

7. Status of corporate proposals announced

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

The completion of the proposed disposal is subject to certain conditions precedent to be satisfied.



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8. Borrowing and debt securities

The Group's borrowings as at 31 December 2014 are as follows:

	(RM'000)
Current	1,031
Non-current	45,242
	<u>46,273</u>

The above borrowings are secured and denominated in Ringgit Malaysia.

9. Changes in material litigation

There were no pending material litigations as at 25 February 2015.

10. Dividend

On 21 May 2014, the Board of Directors declared the first interim single tier dividend of RM 0.05 per ordinary share of RM 0.25 each in respect of the financial year ended 31 December 2014. This interim single tier dividend amounting to RM32,183,000 was paid on 8 August 2014.

On 8 December 2014, the Board of Directors declared a second interim single tier dividend of RM 0.06 per ordinary share of RM 0.25 each in respect of the financial year ended 31 December 2014. This interim single tier dividend amounting to RM40,441,000 was paid on 28 January 2015.

11. Retained Profits

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

	Current quarter ended 31 December 2014 (RM'000)	Cumulative to-date 31 December 2014 (RM'000)
Retained profits of the Group		
- realised	(32,341)	9,855
- unrealised	983	6,360
	<u>(31,358)</u>	<u>16,215</u>
Add: consolidation adjustments	(4,406)	9,356
Total retained profits as per consolidated accounts	<u>(35,764)</u>	<u>25,571</u>



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12. Earnings per share

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

Basic earnings per share

	Current Quarter Ended 31/12/2014 (RM'000)	Comparative Quarter Ended 31/12/2013 (RM'000)	Cumulative to-date 31/12/2014 (RM'000)	Cumulative to-date 31/12/2013 (RM'000)
Earnings				
Profit after taxation	4,640	8,436	23,128	32,436
Amount attributable to non- controlling interests	37	(87)	235	542
Profit after taxation attributable to the equity holders of the Company	4,677	8,349	23,363	32,978
Weighted average number of ordinary shares ('000)	645,762	641,778	643,861	641,223
Basic earnings per share (sen)	0.72	1.30	3.63	5.14

Diluted earnings per share

Earnings				
Profit after taxation	4,640	8,436	23,128	32,436
Amount attributable to non- controlling interests	37	(87)	235	542
Profit after taxation attributable to the equity holders of the Company	4,677	8,349	23,363	32,978
Weighted average number of ordinary shares ('000)	645,762	641,778	643,861	641,223
Effect of dilution ('000) - Warrants	39,748	66,859	40,315	67,747
Weighted average number of ordinary shares ('000)	685,510	708,637	684,177	708,970
Diluted earnings per share (sen)	0.68	1.18	3.41	4.65