

Overseas Education Limited and Subsidiary Companies

Unaudited Condensed Interim Financial Statements
For the six months ended 30 June 2021

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Overseas Education Limited and Subsidiary Companies

A. Condensed interim consolidated statement of comprehensive income For the six-month financial period ended 30 June 2021

	Note	6 months ended 30 June 2021 S\$'000	6 months ended 30 June 2020 S\$'000	Increase/ (decrease) %
Revenue				
Tuition fees		37,412	40,588	(7.8)
Registration fees		512	561	(8.7)
School shop revenue		120	98	22.4
Enrichment programme revenue		352	—	100.0
Interest income		15	108	(86.1)
Other income		8	16	(50.0)
Total revenue	5	38,419	41,371	(7.1)
Operating Expenses				
Personnel expenses		21,085	21,662	(2.7)
School shop costs		66	58	13.8
Enrichment programme costs		238	—	100.0
Utilities		415	296	40.2
Upkeep and maintenance		754	757	(0.4)
Finance costs		1,109	1,929	(42.5)
Other operating expenses		2,432	2,413	0.8
Operating expenses before depreciation and amortisation		26,099	27,115	(3.7)
Profit before depreciation and amortisation		12,320	14,256	(13.6)
Depreciation expenses		6,746	6,700	0.7
Amortisation of intangible assets		194	214	(9.3)
		6,940	6,914	0.4
Profit before taxation	6	5,380	7,342	(26.7)
Income tax expense – current tax	7	(1,467)	(1,762)	(16.7)
– deferred tax	7, 16	432	(10)	n.m.
		(1,035)	(1,772)	(41.6)
Net profit for the period attributable to owners of the Company		4,345	5,570	(22.0)
Other comprehensive income for the period, net of tax				
Item that may be reclassified subsequently to profit or loss				
Foreign currency translation		+	+	
Total comprehensive income for the period attributable to owners of the Company		4,345	5,570	(22.0)
Earnings per share (cents)				
- Basic and diluted	8	1.0	1.3	

n.m. – Not meaningful

+/(+) – Amount lower than S\$1,000

Overseas Education Limited and Subsidiary Companies

B. Condensed interim balance sheets As at 30 June 2021

		Group		Company	
	Note	30 June 2021 S\$'000	31 December 2020 S\$'000	30 June 2021 S\$'000	31 December 2020 S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment					
- Leasehold land	9	27,207	27,825	—	—
- School buildings, plant and equipment	9	209,267	213,130	94	107
Right-of-use assets		2,560	3,589	83	17
Intangible assets	10	1,766	1,731	—	—
Investment in subsidiaries		—	—	101,219	101,219
Deposits		98	98	—	—
Staff housing deposits		375	179	—	—
Other long term asset		334	334	—	—
		241,607	246,886	101,396	101,343
Current assets					
Inventories		443	413	—	—
Trade receivables	11	1,994	820	—	—
Other receivables and deposits		222	677	13	17
Prepayments		943	971	57	12
Amount due from subsidiary	12	—	—	—	9,000
Cash and cash equivalents	13	22,205	44,179	3,035	3,220
		25,807	47,060	3,105	12,249
TOTAL ASSETS		267,414	293,946	104,501	113,592
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables		241	370	—	—
Other payables and liabilities		1,207	2,946	63	131
Fees received in advance	14	11,971	26,378	—	—
Lease liabilities		1,750	2,842	43	17
Borrowings – Bank loan	15	6,125	6,132	—	—
Goods and Services Tax payable		2,439	2,394	55	59
Central Provident Fund payable		322	387	3	3
Income tax payable		2,817	3,364	185	242
		26,872	44,813	349	452
NET CURRENT (LIABILITIES)/ASSETS		(1,065)	2,247	2,756	11,797
Non-current liabilities					
Fees received in advance	14	514	469	—	—
Borrowings – Bank loan	15	98,475	101,496	—	—
Lease liabilities		796	771	40	—
Deferred tax liabilities	16	7,483	7,915	—	—
		107,268	110,651	40	—
NET ASSETS		133,274	138,482	104,112	113,140
Equity attributable to owners of the Company					
Share capital	17	99,253	99,253	99,253	99,253
Revenue reserve		60,191	65,399	4,859	13,887
Other reserves	18	(26,170)	(26,170)	—	—
TOTAL EQUITY		133,274	138,482	104,112	113,140

Overseas Education Limited and Subsidiary Companies

C. Condensed interim statements of changes in equity
For the six-month financial period ended 30 June 2021

		Attributable to owners of the Company					
Group	Note	Share capital (Note 17) S\$'000	Revenue reserve S\$'000	Other reserves, total (Note 18) S\$'000	Foreign currency translation reserve (Note 18) S\$'000	Merger reserve (Note 18) S\$'000	Total equity S\$'000
2021							
Balance at 1 January 2021		99,253	65,399	(26,170)	1	(26,171)	138,482
Net profit after tax		–	4,345	–	–	–	4,345
Other comprehensive income for the period		–	–	+	+	–	+
Total comprehensive income for the period		–	4,345	+	+	–	4,345
Dividends	19	–	(9,553)	–	–	–	(9,553)
Contributions by and distributions to owners		–	(9,553)	–	–	–	(9,553)
Balance at 30 June 2021		99,253	60,191	(26,170)	1	(26,171)	133,274

+/(+) – Amount lower than S\$1,000

Overseas Education Limited and Subsidiary Companies

C. Condensed interim statements of changes in equity (cont'd)
For the six-month financial period ended 30 June 2021

Attributable to owners of the Company							
	Note	Share capital (Note 17) S\$'000	Revenue reserve S\$'000	Other reserves, total (Note 18) S\$'000	Foreign currency translation reserve (Note 18) S\$'000	Merger reserve (Note 18) S\$'000	Total equity S\$'000
Group							
2020							
Balance at 1 January 2020		99,253	66,525	(26,170)	1	(26,171)	139,608
Net profit after tax		–	5,570	–	–	–	5,570
Other comprehensive income for the period		–	–	+	+	–	+
Total comprehensive income for the period		–	5,570	+	+	–	5,570
Dividends	19	–	–	–	–	–	–
Contributions by and distributions to owners		–	–	–	–	–	–
Balance at 30 June 2020		99,253	72,095	(26,170)	1	(26,171)	145,178

+/(+) – Amount lower than S\$1,000

Overseas Education Limited and Subsidiary Companies

C. Condensed interim statements of changes in equity (cont'd)
For the six-month financial period ended 30 June 2021

		Attributable to owners of the Company		
	Note	Share capital (Note 17) S\$'000	Revenue reserve S\$'000	Total equity S\$'000
Company				
2021				
Balance at 1 January 2021		99,253	13,887	113,140
Net profit after tax		—	525	525
Total comprehensive income for the period		—	525	525
Dividends	19	—	(9,553)	(9,553)
Contributions by and distributions to owners		—	(9,553)	(9,553)
Balance at 30 June 2021		99,253	4,859	104,112
2020				
Balance at 1 January 2020		99,253	15,334	114,587
Net profit after tax		—	463	463
Total comprehensive income for the period		—	463	463
Balance at 30 June 2020		99,253	15,797	115,050

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D. Condensed interim consolidated statement of cash flows
For the six-month financial period ended 30 June 2021

	6 months ended 30 June 2021 S\$'000	6 months ended 30 June 2020 S\$'000
Cash flows from operating activities		
Profit before taxation	5,380	7,342
Adjustments for:		
Depreciation expenses	6,746	6,700
Amortisation expenses	194	214
Loss/(gain) on disposal of property, plant and equipment	3	(13)
Interest income	(15)	(108)
Finance costs	1,109	1,929
Operating profit before working capital changes	13,417	16,064
Increase in inventories	(30)	(13)
Increase in trade receivables	(1,174)	(1,256)
Decrease/(increase) in other receivables, deposits and prepayments	483	(475)
(Increase)/decrease in non-current deposits	(196)	52
Decrease in trade payables, other payables and liabilities, and fees received in advance	(15,661)	(21,801)
Cash used in operations	(3,161)	(7,429)
Interest received	15	108
Income tax paid	(2,014)	—
Lease interest paid	(32)	(65)
Net cash used in operating activities	(5,192)	(7,386)
Cash flows from investing activities		
Additions of intangible assets	(230)	(187)
Acquisition of property, plant and equipment	(387)	(277)
Proceeds from disposal of property, plant and equipment	28	13
Net cash used in investing activities	(589)	(451)
Cash flows from financing activities		
Payment of principal portion of lease liabilities	(1,941)	(1,882)
Bank loan interest paid	(1,030)	(1,871)
Bank loan repayment	(3,080)	(3,080)
Bank loan facility fee paid	(589)	—
Dividends paid	(9,553)	—
Net cash used in financing activities	(16,193)	(6,833)
Net decrease in cash and cash equivalents	(21,974)	(14,670)
Cash and cash equivalents at beginning of the period	44,179	45,498
Cash and cash equivalents at end of the period	22,205	30,828

Overseas Education Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements For the six-month financial period ended 30 June 2021

1. Corporate information

Overseas Education Limited (the "Company") is a public limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST) on 7 February 2013. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the Group). The registered office and principal place of business of the Company is at 81 Pasir Ris Heights, Singapore 519292.

The principal activity of the Company is an investment holding company. The principal activity of the subsidiary companies is operating a foreign system school.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency and all values are rounded to the nearest thousand (S\$'000) except when otherwise indicated.

2.1 *New and amended standards adopted by the Group*

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 *Use of judgements and estimates*

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

E. Notes to the condensed interim consolidated financial statements
For the six-month financial period ended 30 June 2021

2.2 Use of judgements and estimates (cont'd)

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included below:

Ability to renew the land lease

The current land lease is 30 years, and the Group expects to seek the relevant authorities' approval for the extension of the lease for a further term of 30 years upon its expiration on 13 June 2043. The school site is zoned exclusively for use by an educational institution and the buildings have also been purpose-built for use as a school only. The school buildings have an estimated use for 50 years based on the assets' expected utility to the Group and the future economic benefits embodied in the assets. The judgement applied on the ability to renew the land lease at the end of 30 years is significant to the determination of the depreciation period of 50 years for the school buildings.

The carrying amount of the school buildings as at 30 June 2021 was S\$160,854,000 (31 December 2020: S\$162,682,000).

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included below:

(a) *Provision for expected credit losses of trade receivables*

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on the groupings of customers by days past due.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 11.

The carrying amount of trade receivables as at 30 June 2021 was S\$1,994,000 (31 December 2020: S\$820,000).

(b) *Leases – Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic movement. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Overseas Education Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements For the six-month financial period ended 30 June 2021

3. Seasonal operations

The Group's business is not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group operates in Singapore in one business segment to provide education under a foreign education system. Substantially all revenue, expenses, assets and liabilities are derived from operations in Singapore.

Overseas Education Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements
For the six-month financial period ended 30 June 2021

5. Revenue

(a) *Disaggregation of revenue*

	Tuition fees		Registration fees		School shop, Enrichment programme, Interest income and Other income		Total revenue	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Timing of transfer of goods or services								
At a point in time	—	—	—	—	480	114	480	114
Over time	37,412	40,588	512	561	15	108	37,939	41,257
	37,412	40,588	512	561	495	222	38,419	41,371

(b) *Judgement and methods used in recognising revenue*

Tuition fees

Tuition fees are recognised over the duration of the course on a straight-line basis.

Estimating average student life for registration fees recognition over time

The Group charges non-refundable registration fees to new students who register with the school. The performance obligation is determined to be satisfied over the estimated student life in the school. Management estimates the average student life in the school by taking historical data of student enrolment over the past 5 years and compute the average number of years each student spends with the school. A reassessment of the average student life is conducted on an annual basis.

Overseas Education Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements For the six-month financial period ended 30 June 2021

6. Profit before taxation

6.1 Significant items

	30 Jun 2021 S\$'000	30 Jun 2020 S\$'000
Salaries and bonuses*	17,803	18,689
Central Provident Fund contributions	947	955
Staff medical insurance	294	267
Other short term benefits	2,041	1,751
Property tax**	616	—
Loss/(gain) on disposal of property, plant and equipment	3	(13)
(Write-back)/impairment loss on trade receivables	(49)	288
Directors' fees	220	220
Teaching materials	176	335
Holiday programme expenses	124	349
Transport services	153	344
Finance costs include:		
Loan interest expense	1,023	1,811
Interest expense on lease liabilities	32	65
Other finance costs	54	53
	1,109	1,929

* Included in salaries and bonuses is the Jobs Support Scheme ("JSS") grant income recognised during the six-month financial period in relation to the COVID-19 pandemic amounting to S\$1,480,000 (30 Jun 2020: S\$593,000). The JSS is a temporary scheme introduced in the Singapore Budgets in 2020 and 2021 which provides wage support to employers to help them retain their local employees during the period of economic uncertainty. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

** No property tax was paid in the six-month financial period ended 30 Jun 2020 as property tax rebate was granted by Government during the period in relation to the COVID-19 pandemic. The property tax rebate was given to qualifying non-residential properties in response to the COVID-19 pandemic.

6.2 Related party transactions

Apart from recurring directors' fees, directors' remuneration and key management personnel and related party remuneration, there are no other material related party transactions.

Overseas Education Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements For the six-month financial period ended 30 June 2021

7. Income tax expense

The Group calculates the income tax expense using the tax rate that would be applicable to the expected total earnings for the period. The major components of income tax expense in the condensed interim consolidated statement of comprehensive income for the financial periods ended 30 June are:

	2021 S\$'000	2020 S\$'000
Statement of comprehensive income:		
Current income tax:		
- Current period income taxation	1,487	1,762
- Over provision in respect of previous period	(20)	–
	1,467	1,762
Deferred income tax (Note 16):		
- Origination and reversal of temporary differences	(432)	10
Income tax expense recognised in the statement of comprehensive income	1,035	1,772

8. Earnings per share

The basic and diluted earnings per share are calculated by dividing net profit after taxation attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period.

The Company did not issue any dilutive potential ordinary shares during the current and previous financial periods.

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share for the period ended 30 June:

	2021 '000	2020 '000
Net profit for the period attributable to owners of the Company	S\$4,345	S\$5,570
Weighted average number of ordinary shares for basic and diluted earnings per share computation	415,364	415,364
Earnings per share (cents)		
- Basic and diluted	1.0	1.3

Overseas Education Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements
For the six-month financial period ended 30 June 2021

9. Property, plant and equipment

Group	Leasehold land S\$'000	School buildings, plant and equipment					Total for school buildings, plant and equipment S\$'000	Total S\$'000
		School buildings S\$'000	School plant and equipment S\$'000	Computers S\$'000	Motor vehicles S\$'000	Library books and media S\$'000		
Cost								
At 1 January 2020	37,100	182,788	70,173	5,997	576	2,929	262,463	299,563
Additions	–	–	458	238	116	127	939	939
Disposals/write-off	–	–	(20)	(1,313)	(75)	(61)	(1,469)	(1,469)
At 31 December 2020 and 1 January 2021	37,100	182,788	70,611	4,922	617	2,995	261,933	299,033
Additions	–	–	168	8	169	42	387	387
Disposals/write-off	–	–	–	(1)	(100)	(31)	(132)	(132)
At 30 June 2021	37,100	182,788	70,779	4,929	686	3,006	262,188	299,288
Accumulated depreciation								
At 1 January 2020	8,038	16,451	18,493	4,127	182	2,557	41,810	49,848
Charge for the year	1,237	3,655	3,966	555	116	139	8,431	9,668
Disposals/write-off	–	–	(15)	(1,313)	(50)	(60)	(1,438)	(1,438)
At 31 December 2020 and 1 January 2021	9,275	20,106	22,444	3,369	248	2,636	48,803	58,078
Charge for the period	618	1,828	2,001	264	63	63	4,219	4,837
Disposals/write-off	–	–	–	(1)	(69)	(31)	(101)	(101)
At 30 June 2021	9,893	21,934	24,445	3,632	242	2,668	52,921	62,814
Net carrying values								
At 30 June 2021	27,207	160,854	46,334	1,297	444	338	209,267	236,474
At 31 December 2020	27,825	162,682	48,167	1,553	369	359	213,130	240,955

Depreciation expense in the condensed consolidated statement of comprehensive income comprises S\$4,837,000 (30 Jun 2020: S\$4,840,000) of depreciation of property, plant and equipment and S\$1,909,000 (30 Jun 2020: S\$1,860,000) of depreciation of right-of-use assets.

Overseas Education Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements
For the six-month financial period ended 30 June 2021

9. Property, plant and equipment (cont'd)

Company	Motor vehicles S\$'000	Computers S\$'000	Total S\$'000
Cost			
At 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	143	2	145
Accumulated depreciation			
At 1 January 2020	12	1	13
Charge for the year	25	—	25
At 31 December 2020 and 1 January 2021	37	1	38
Charge for the period	12	1	13
At 30 June 2021	49	2	51
Net carrying values			
At 30 June 2021	94	—	94
At 31 December 2020	106	1	107

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E. Notes to the condensed interim consolidated financial statements
For the six-month financial period ended 30 June 2021

10. Intangible assets

Group	Internally developed computer software S\$'000	Internally developed computer software work-in-progress ("WIP") S\$'000	Acquired computer software S\$'000	Total S\$'000
Cost				
At 1 January 2020	11,793	6	213	12,012
Additions	141	249	—	390
Transfer of completed assets	200	(200)	—	—
At 31 December 2020 and 1 January 2021	12,134	55	213	12,402
Additions	65	165	—	230
Transfer of completed assets	79	(79)	—	—
At 30 June 2021	12,278	141	213	12,632
Accumulated amortisation				
At 1 January 2020	10,036	—	210	10,246
Amortisation for the year	423	—	3	426
At 31 December 2020 and 1 January 2021	10,459	—	213	10,672
Amortisation for the period	194	—	—	194
At 30 June 2021	10,653	—	213	10,866
Net carrying values				
At 30 June 2021	1,625	141	—	1,766
At 31 December 2020	1,675	55	1	1,731

Overseas Education Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements For the six-month financial period ended 30 June 2021

11. Trade receivables

	Group	
	30 Jun 2021	31 Dec 2020
	S\$'000	S\$'000
Trade receivables	2,207	1,082
Less: Allowance for expected credit losses	(213)	(262)
Total financial assets carried at amortised cost	1,994	820

Trade receivables are non-interest bearing. Trade receivables relating to tuition fees are due one month before semester commences while other trade receivables are generally due immediately. They are recognised at their original invoice amounts which represent their fair values on initial recognition. All trade receivables are denominated in Singapore Dollars.

	Group	
	30 Jun 2021	31 Dec 2020
	S\$'000	S\$'000
<u>Expected credit losses</u>		
Movements in allowance for impairment:		
At beginning of the period/year	262	259
(Write-back)/charge for the period/year	(49)	177
Write-off during the period/year	–	(174)
At end of the period/year	213	262

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

12. Amount due from subsidiary

As at 31 December 2020, the amount due from subsidiary of S\$9,000,000 was for the financial year 2020 interim dividend paid in 2021.

Overseas Education Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements For the six-month financial period ended 30 June 2021

13. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following balance sheet amounts:

	Group		Company	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Cash at bank	22,539	44,513	3,035	3,220
Less: Other long term asset	(334)	(334)	—	—
Cash and cash equivalents	22,205	44,179	3,035	3,220

Included in cash at bank is an amount of S\$334,000 (31 Dec 2020: S\$334,000) that was placed with a bank in prior periods to secure a banker's guarantee issued to a government authority for a proposed road widening project beside the school campus. The project is currently on-hold. This amount is expected to be placed with the bank for a duration of more than one year. Cash and cash equivalents earn interest at floating rates based on daily bank deposit rates.

14. Fees received in advance

Fees received in advance (current) refer to both registration fees and tuition fees billed and received for the new semester. Fees received in advance (non-current) refer to the registration fees received and to be recognised over the average student life in the school.

Information about fees received in advance is disclosed as follows:

	Group	
	30 Jun 2021	31 Dec 2020
	S\$'000	S\$'000
Current – Tuition fee and registration fee	11,971	26,378
Non-current (1 to 3 years) – Registration fee	514	469
	12,485	26,847

Fees received in advance are recognised as revenue as the Group fulfils its performance obligation under the contract.

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E. Notes to the condensed interim consolidated financial statements For the six-month financial period ended 30 June 2021

15. Borrowings

	Group		Company	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Current liabilities:				
Borrowings				
- Bank loan	6,160	6,160	—	—
- Interest payable	83	90	—	—
Less: Facility fee	(118)	(118)	—	—
	6,125	6,132	—	—
Non-current liabilities:				
Borrowings				
- Bank loan	99,270	102,350	—	—
Less: Facility fee	(795)	(854)	—	—
	98,475	101,496	—	—
Total borrowings	104,600	107,628	—	—
	30 Jun 2021	30 Jun 2020		
	S\$'000	S\$'000		
Finance costs				
Loan interest expense	1,023	1,811		

On 16 April 2019, the Group entered into a 10-year bank term loan agreement of S\$117,750,000 with maturity on 15 April 2029 to fully redeem the outstanding Company's bonds. The loan is unsecured, payable in quarterly instalments of S\$1,540,000, with a final payment of outstanding loan balance upon maturity. The loan bears interest at average rates ranging from 1.9% to 2.1% (31 Dec 2020: 1.8% to 3.3%) per annum during the period. Any amount of the loan outstanding at the end of the 10-year term is subject to further refinancing. Loan interest expense is computed based on the effective interest method.

Overseas Education Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements For the six-month financial period ended 30 June 2021

16. Deferred tax liabilities

Deferred tax as at closing balance relates to the following:

	Group			
	Condensed consolidated Balance sheet		Condensed consolidated statement of comprehensive income	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	30 Jun 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Deferred tax assets				
Provisions, unabsorbed capital allowances, and unearned registration fees	(283)	(280)	(3)	44
Deferred tax liabilities				
Differences in depreciation and amortisation for tax purposes	7,766	8,195	(429)	(34)
Deferred tax liabilities (net)	7,483	7,915	(432)	10

17. Share capital

	Group and Company			
	Number of shares '000	30 Jun 2021 S\$'000	Number of shares '000	31 Dec 2020 S\$'000
At 1 January and closing balance	415,364	99,253	415,364	99,253

The Company did not hold any treasury shares and outstanding convertibles as at 30 June 2021 and 31 December 2020. The Company's subsidiaries do not hold any shares in the Company as at 30 June 2021 and 31 December 2020.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

Overseas Education Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements For the six-month financial period ended 30 June 2021

18. Other reserves

	Group	
	30 Jun 2021	31 Dec 2020
	S\$'000	S\$'000
Merger reserve	(26,171)	(26,171)
Foreign currency translation reserve	1	1
At closing balance	(26,170)	(26,170)

Merger reserve represents the difference between the consideration paid by the Company and the share capital of the subsidiaries acquired under common control during the year ended 31 December 2011, following the application of the pooling of interest method. This reserve will remain until the subsidiaries are disposed.

19. Dividends

	30 Jun 2021	30 Jun 2020
	S\$'000	S\$'000
Paid during the financial period		
- Final exempt (one-tier) dividend for 2020: S\$0.023 per share	9,553	—

The final exempt (one-tier) dividend for 2019 of S\$0.0275 per share was paid in July 2020.

20. Commitments

Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements is as follows:

	Group		Company	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Capital commitments in respect of construction of property, plant and equipment	135	135	—	—

E. Notes to the condensed interim consolidated financial statements
For the six-month financial period ended 30 June 2021

21. Fair value of financial instruments

Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Management has determined that the carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables, and bank borrowings reasonably approximate their fair values because these are mostly short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The fair values of the non-current deposits, staff housing deposits and other long term asset approximate their carrying value and are estimated using the discounted estimated cash flow analysis. Where repayment terms are not fixed, future cash flows are projected based on management's best estimates. The discount rates used are the current market incremental lending rates for similar types of lending and borrowing arrangements.

22. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

Overseas Education Limited and Subsidiary Companies

F. Other information required by Listing Rule Appendix 7.2

1. Whether the figures have been audited or reviewed and in accordance with which audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

2. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

3. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: (a) updates on the efforts taken to resolve each outstanding audit issue; (b) confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and computation methods used in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2020, except for the adoption of the new and revised Singapore Financial Reporting Standards (International) (SFRS(I)) which became effective for the financial year beginning on or after 1 January 2021.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The adoption of the new and revised accounting standards referred to in preceding paragraph 4 did not give rise to any significant changes to the financial performance or position of the Group.

6. Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	Group		Company	
	As at 30 Jun 2021 cents	As at 31 Dec 2020 cents	As at 30 Jun 2021 cents	As at 31 Dec 2020 cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	32.1	33.3	25.1	27.2

Overseas Education Limited and Subsidiary Companies

F. Other information required by Listing Rule Appendix 7.2

7. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors that affected the turnover, costs and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Review of performance

Review of Income statement

The Group posted total revenue of \$38.42 million for the first half year ended 30 June 2021 (H1 2021) compared to \$41.37 million for the corresponding period ended 30 June 2020 (H1 2020). The decrease in total revenue was due to weaker student enrolment largely attributable to the significant impact of COVID-19 pandemic that caused lockdowns of global borders and travel bans. New students enrolment slowed as our government was more restrained in issuing entry permits to expatriate families entering into Singapore to control imported COVID-19 caseloads.

Details of revenue lines are as follows:

Revenue from tuition fees was lower at \$37.41 million in H1 2021 compared to \$40.59 million in H1 2020.

Revenue from registration fees was \$0.51 million in H1 2021 compared to \$0.56 million in H1 2020.

School shop revenue was \$0.12 million in H1 2021 compared to \$0.10 million in H1 2020.

Enrichment programme revenue was \$0.35 million in H1 2021. There was no enrichment programme revenue in H1 2020 as enrichment programmes have had to be put on hold due to COVID-19 restriction orders placed on schools.

Interest income was \$0.01 million in H1 2021 compared to \$0.11 million in H1 2020 due to current lower prevailing interest rate environment.

Total expenses before depreciation and amortisation was lower at \$26.10 million in H1 2021 compared to \$27.12 million in H1 2020. The Group benefitted mainly from lower personnel expenses and finance costs as explained below.

Personnel expenses were \$21.09 million in H1 2021 compared to \$21.66 million in H1 2020 due to higher recognition of the Jobs Support Scheme (JSS) government grant in H1 2021 compared to H1 2020. JSS government grant recognised in H1 2021 was \$1.48 million compared \$0.60 million in H1 2020.

School shop costs at \$0.07 million in H1 2021 was comparable with H1 2020.

Enrichment programme costs were \$0.24 million in H1 2021. There was no enrichment programme cost in H1 2020 as explained in the enrichment programme revenue section above.

Utilities expenses were higher at \$0.42 million in H1 2021 compared to \$0.30 million in H1 2020 due to the resumption of school activities. In H1 2020, the school was closed during the circuit breaker period (7 April - 1 June 2020).

Overseas Education Limited and Subsidiary Companies

F. Other information required by Listing Rule Appendix 7.2

Upkeep and maintenance expenses at \$0.75 million in H1 2021 were comparable with H1 2020 in ensuring implementation of safe management measures as legislated by the Singapore government.

Finance costs were lower at \$1.11 million in H1 2021 compared to \$1.93 million in H1 2020 due to the lower prevailing interest rate in H1 2021 compared to H1 2020.

Other operating expenses at \$2.43 million in H1 2021 were comparable with H1 2020.

Depreciation and amortisation expenses were higher at \$6.94 million in H1 2021 compared to \$6.91 million in H1 2020. The increase was mainly due to higher depreciation of \$1.91 million on right-of-use assets as compared to \$1.86 million during the same corresponding period last year.

Profit before taxation was lower at \$5.38 million in H1 2021 compared to \$7.34 million in H1 2020.

Income tax expense was \$1.04 million in H1 2021 compared to \$1.77 million in H1 2020. The H1 2021 income tax expense comprised the provision for current tax of \$1.47 million and reversal of net deferred tax of \$0.43 million. The income tax expense in H1 2020 comprised the current tax of \$1.76 million and accrual of net deferred tax of \$0.01 million.

Net profit after taxation ended at \$4.35 million in H1 2021 compared to \$5.57 million in H1 2020.

Review of Balance Sheet as at 30 June 2021

Total property, plant and equipment and right-of-use assets at 30 June 2021 amounted to \$239.03 million compared to \$244.54 million at 31 December 2020. The decrease of \$5.51 million was due mainly to the depreciation charge for the reporting period, offset by the additional right-of-use assets and other plant and equipment of \$0.88 million and \$0.39 million respectively during the reporting period.

Inventories for school uniforms, books and stationery supplies for sale at the school shop were \$0.44 million at 30 June 2021 compared to \$0.41 million at 31 December 2020.

Trade receivables comprised amounts attributable to tuition fees, registration fees, school shop revenue and other revenue. Trade receivables at 30 June 2021 were higher at \$1.99 million compared to \$0.82 million at 31 December 2020 due mainly to the timing of collection of the receivables for the reporting period.

Other receivables and deposits were lower at \$0.22 million compared to \$0.68 million at 31 December 2020 due mainly to balance of the JSS receivable recorded at 31 December 2020 received in H1 2021.

Prepayments of \$0.94 million at 30 June 2021 were comparable to 31 December 2020.

The Group's cash and cash equivalents amounted to \$22.21 million at 30 June 2021 and \$44.18 million at 31 December 2020. The decrease was due to cash used in operating, investing and financing activities as explained in the Review of Group cash flow below.

Trade and other payables and liabilities were lower at \$1.45 million at 30 June 2021 compared to \$3.32 million at 31 December 2020 due mainly to timing of payments of operating expenses, and recognition of deferred grant income relating to JSS recorded at 31 December 2020 in H1 2021.

Overseas Education Limited and Subsidiary Companies

F. Other information required by Listing Rule Appendix 7.2

Total fees received in advance (current and non-current) was \$12.49 million at 30 June 2021 and \$26.85 million at 31 December 2020. The total fees received in advance at 30 June 2021 and 31 December 2020 comprised tuition fees collected before the commencement of the next semester in August and January respectively, and registration fees collected upon enrolment. As at 30 June 2021, the tuition fees for the new semester commencing in August 2021 were not due yet.

Lease liabilities (current and non-current) were \$2.55 million at 30 June 2021 compared to \$3.61 million at 31 December 2020 due to progressive payments of the lease contracts for teachers' apartments.

Borrowings - Bank Loan (current and non-current) was \$104.60 million at 30 June 2021 compared to \$107.63 million at 31 December 2020. The Group paid the quarterly instalment of \$1.54 million each in January and April 2021. More information on the bank loan facility is disclosed in Note 15 in the interim financial statements for the six months ended 30 June 2021.

Bank Loan - Interest payable on the aforesaid long term bank loan was accrued at the current prevailing bank's offer interest rate of approximately 2% per annum.

Goods and Services Tax payable of \$2.44 million and \$2.39 million at 30 June 2021 and 31 December 2020 respectively arose mainly from the billing of next semester's tuition fees.

The net current liabilities position at 30 June 2021 was due mainly to the fluctuations in cash movements and the payment of dividend in May 2021.

Deferred tax liabilities amounted to \$7.48 million at 30 June 2021 compared to \$7.92 million at 31 December 2020. The net deferred tax liabilities arose from the tax effect on temporary differences between the net book value and the tax-written-down-value of qualifying assets.

Review of Group cash flow for the first half year ended 30 June 2021

The net cash used in operating activities in H1 2021 was \$5.19 million, which consisted of cash inflow from operating activities before working capital changes of \$13.42 million, net working capital outflow of \$16.58 million and interest received of \$0.02 million, income tax paid of \$2.01 million and lease interest paid of \$0.03 million.

The above-mentioned net working capital outflow of \$16.58 million arose mainly from the cash outflow relating to the decrease in trade payables, other payables and liabilities and fees received in advance (current and non-current) of \$15.66 million. There were also the cash outflows from the increase in trade receivables and non-current deposits of \$1.17 million and \$0.20 million respectively, offset by the cash inflow from the decrease in other receivables, deposits and prepayments of \$0.48 million.

The net cash used in investing activities of \$0.59 million was for the capital expenditure in the normal course of business.

The net cash used in financing activities of \$16.19 million comprised lease payments of \$1.94 million, payment of bank loan interest of \$1.03 million, bank loan repayment of \$3.08 million, payment of the remaining loan facility fee of \$0.59 million and dividends payment of \$9.55 million during the reporting period.

8. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

Overseas Education Limited and Subsidiary Companies

F. Other information required by Listing Rule Appendix 7.2

9. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

The Group expects the current operating environment for foreign system schools to remain challenging and competitive.

The COVID-19 pandemic has significantly impacted the global economy, and border closures and travel restrictions remain in place for many countries. Our government is also restrained in issuing entry permits to expatriate families entering into Singapore to control imported COVID-19 caseloads.

The Group is also challenged to increase our student recruitment efforts and to develop more recruitment channels to attract student enrolment.

10. Dividend

- (a) Current financial period reported on

The directors do not recommend any declaration of dividend for the current financial period reported on.

- (b) Corresponding period of the immediately preceding financial year

No dividend was declared for the corresponding period of the preceding financial year.

11. If the Group has obtained a general mandate from the shareholders for Interested Person Transactions (IPT), the aggregate value of such transactions as required under Rule 920(1) (a) (ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for IPTs.

12. Negative confirmation on interim financial results pursuant to Rule 705(5) of the Listing Manual.

The Directors of the Company confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the interim financial statements for the six months ended 30 June 2021 to be false or misleading in any material aspect.

Overseas Education Limited and Subsidiary Companies

F. Other information required by Listing Rule Appendix 7.2

13. Disclosure of the status on the use of proceeds raised from IPO.

The Company raised net proceeds of S\$68,033,985 (after deducting IPO expenses of S\$3,966,015) from its IPO on 7 February 2013. The amount utilised as at the date of this report is as follows:

Total amount utilised for the building of a new school campus	65,635,545
Balance proceeds	2,398,440

It is intended that the balance \$2,398,440 of the IPO Proceeds also be used wholly towards the future capital expenditure for the school campus at 81 Pasir Ris Heights.

14. Disclosure of confirmation of undertakings from Directors and Executive Officers pursuant to Rule 720(1) of the Listing Manual.

The Company has procured undertakings on 16 February 2016 in the format set out in Appendix 7.7 from all its directors and executive officers under Rule 720(1) of the Listing Manual.

15. Disclosures on acquisition and realisation of shares pursuant to Rule 706A of the Listing Manual.

There were no acquisitions or realisation of shares in any of the Group's subsidiary nor incorporation of any new subsidiary or associated company by the Company or any of the Group's entities during H1 2021.

BY ORDER OF THE BOARD

Siau Kuei Lian
Company Secretary

12 August 2021