

**TMC EDUCATION CORPORATION LTD**  
(Incorporated in the Republic of Singapore)  
Co. Reg. No.200507226K

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**ANNOUNCEMENT PURSUANT TO RULE 704(4) OF THE CATALIST RULES IN RELATION TO THE AUDITED FINANCIAL STATEMENTS**

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Pursuant to Rule 704(4) of the Singapore Exchange Securities Trading Limited Listing Manual, Section B: Rules of Catalist, the Board of Directors ("**Board**") of TMC Education Corporation Ltd, (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company's Independent Auditor, Foo Kon Tan LLP, has without modifying their opinion, included a Material Uncertainty Related to Going Concern in its report (the "**Independent Auditor's Report**") on the consolidated financial statements of the Group for the financial year ended 30 June 2017 (the "**Audited Financial Statements**"), with the following description:

Extract of the Independent Auditor's Report

**"Material Uncertainty Related to Going Concern"**

*We draw attention to Note 2 to the financial statements. As at 30 June 2017, the Group's and the Company's current liabilities exceeded current assets by \$5,555,184 and \$12,405,098 (2016: \$3,187,734 and \$8,094,444) respectively. For the financial year ended 30 June 2017, the Group incurred a loss after tax of \$877,727 (2016: \$5,880,253) and total comprehensive loss of \$871,589 (2016: \$5,745,460), and reported net cash used in operating activities of \$3,029,969 (2016: \$5,040,211). These factors indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as going concerns. Our opinion is not modified in respect of this matter."*

A copy of the Independent Auditor's Report and the extract of the relevant note 2 to the Audited Financial Statements are annexed to this announcement as Appendix I.

Notwithstanding the above, the Board is of the view that the Group and the Company are able to continue as going concerns after taking into consideration the following:

- (1) The management has critically assessed the cash flow forecasts of the Group and the Company and concluded that there will be sufficient resources to allow the Group to continue its operations and meet its obligations for the foreseeable future, a period of not less than twelve months from the date of issue of the Audited Financial Statements.
- (2) As at 30 June 2017, the Group has a loan facility of \$2,000,000 comprising \$1,000,000 from two shareholders, who are also executive directors of the Company, and S\$1,000,000 from a third party for general working capital purposes.
- (3) The two shareholders, who are also executive directors have given an undertaking to provide financial support to the Company and the Group for at least 12 months from the date of issue of the Audited Financial Statements to operate without any curtailment of operations.
- (4) As at 30 June 2017, the carrying amount of the Group's and the Company's investment properties was \$19,960,000 as determined by an independent firm of professional valuers. In July 2017, the Group and the Company obtained approval from the relevant authorities for the sub-division of the investment properties to improve their marketability. The Group and the Company will be actively looking to realise some of the investment properties for general working capital purposes and to repay its borrowings.

Based on the aforementioned, the Board is of the view that the Group and the Company will be able to continue as going concerns, and that the Audited Financial Statements have been prepared on that basis.

Additionally, the Board (i) is of the opinion that sufficient information has been disclosed for trading of the Company's securities to continue in an orderly manner; and (ii) confirms that all material disclosures have been provided for trading of the Company's shares to continue.

The Board wishes to advise the shareholders and investors of the Company to exercise caution when dealing in the shares of the Company. In the event of any doubt, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

Shareholders of the Company are also advised to read the Audited Financial Statements in its 2017 annual report, which will be distributed to Shareholders in due course.

BY ORDER OF THE BOARD

Ms Yeow Cheng Khim  
Executive Director  
12 October 2017

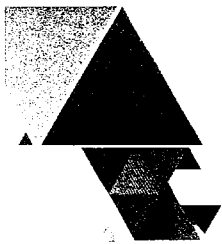
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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.*

*The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg)).*

## **Appendix 1**



# INDEPENDENT AUDITOR'S REPORT

to the members of TMC Education Corporation Ltd

## Report of the financial statements

### Opinion

We have audited the financial statements of TMC Education Corporation Ltd (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and of the Company as at 30 June 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements. As at 30 June 2017, the Group's and the Company's current liabilities exceeded current assets by \$5,555,184 and \$12,405,098 (2016: \$3,187,734 and \$8,094,444) respectively. For the financial year ended 30 June 2017, the Group incurred a loss after tax of \$877,727 (2016: \$5,880,253) and total comprehensive loss of \$871,589 (2016: \$5,745,460), and reported net cash used in operating activities of \$3,029,969 (2016: \$5,040,211). These factors indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as going concerns. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Valuation of investment properties (Refer to Note 6 to the financial statements)

##### Risk:

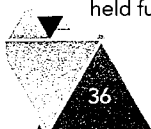
Investment properties represent the largest category of asset on the statement of financial position amounting to \$19,960,000 as at 30 June 2017. Investment properties are stated at fair value based on an independent external valuation.

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. These estimates include adjustments made for differences between the subject properties and comparables, taking into consideration differences such as location and floor level.

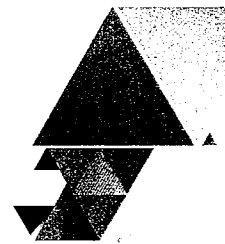
##### Our response:

We assessed the Group's processes for the determination of the scope of work of the valuers, and the review and acceptance of the valuations reported by the external valuers.

We have also evaluated whether the auditor's expert has the necessary competence, capabilities and objectivity for our purposes. Through our appointed auditor's expert, we considered the valuation methodologies used against those applied by management valuers for similar property types. We assessed the adjustments made for differences between the subject properties and comparables, taking into consideration differences such as location and floor level used in the valuation. Where the rates were outside the expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the valuers.



# INDEPENDENT AUDITOR'S REPORT



to the members of TMC Education Corporation Ltd

## Report of the financial statements (Cont'd)

### Key Audit Matters (Cont'd)

#### Valuation of investment properties (Refer to Note 6 to the financial statements) (Cont'd)

We also considered the adequacy of the disclosure in the financial statements, regarding the inherent degree of subjectivity and key assumptions used in the estimates. This includes the relationships between the key unobservable inputs to fair value.

Our findings:

The Group has a structured process in appointing and instructing valuers, and in reviewing, assessing and accepting their valuations. The valuers are members of generally-recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methodologies used are in line with generally-accepted market practices and the key assumptions used are within the range of market data. The approach to the methodologies and in deriving the assumptions in the valuations is supported by market practices and data and the disclosures included in Notes 6 and 27 to the financial statements are appropriate.

### Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

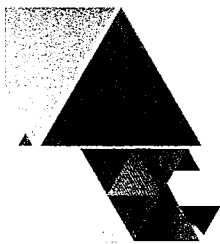
The directors' responsibilities include overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



# INDEPENDENT AUDITOR'S REPORT

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to the members of TMC Education Corporation Ltd

## **Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on other legal and regulatory requirements**

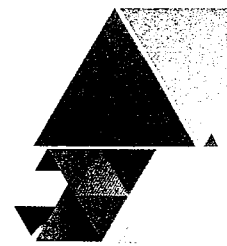
In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditor have been properly kept in accordance with the provisions of the Act.

**Foo Kon Tan LLP**  
**Public Accountants and**  
**Chartered Accountants**

Singapore, 12 October 2017



# NOTES TO THE FINANCIAL STATEMENTS



for the financial year ended 30 June 2017

## 1 General information

The financial statements of TMC Education Corporation Ltd (the "Company") and its subsidiaries (the "Group") for the financial year ended 30 June 2017 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company is incorporated as a limited liability company and domiciled in Singapore.

The registered office and principal place of business are located at 250 Middle Road, Singapore 188983.

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are stated in Note 7.

## 2 Going concern

As at 30 June 2017, the Group's and the Company's current liabilities exceeded current assets by \$5,555,184 and \$12,405,098 (2016 : \$3,187,734 and \$8,094,444) respectively. For the financial year ended 30 June 2017, the Group incurred loss after tax of \$877,727 (2016 : \$5,880,253) and total comprehensive loss of \$871,589 (2016 : \$5,745,460), and reported net cash used in operating activities of \$3,029,969 (2016 : \$5,040,211).

As at 30 June 2017, the Group's current liabilities included non-refundable course and examination fees received in advance from students amounting to \$1,527,715 (2016 : \$1,762,044). Excluding this amount, the Group's current liabilities would have been \$6,075,782 (2016 : \$3,170,023) compared to current assets of \$2,048,313 (2016 : \$1,744,333) as at 30 June 2017.

As at 30 June 2017, the Company's current liabilities included amounts due to wholly-owned subsidiaries of \$10,391,833 (2016 : \$5,810,725). The directors of the Company have the power and authority to manage the payment obligations to the said wholly-owned subsidiaries if the need ever arises.

Notwithstanding the above, management believes that the Group and the Company will have sufficient resources to continue in operation for the foreseeable future, a period of not less than twelve months from the date of the financial statements after taking into consideration the following:

- (1) As at 30 June 2017, the Group has loan facility of \$2,000,000 comprising \$1,000,000 from two shareholders, who are also executive directors of the Company, and \$1,000,000 from a third party for general working capital purposes.
- (2) The two shareholders, who are also executive directors have given an undertaking to provide financial support to the Company and the Group for at least twelve 12 months from the date of the financial statements to operate without any curtailment of operations.
- (3) As at 30 June 2017, the carrying amount of the Group's and the Company's investment properties was \$19,960,000 as determined by an independent firm of professional valuers. In July 2017, the Group and the Company obtained approval from the relevant authorities for the sub-division of the investment properties titles to improve their marketability. The Group and the Company will actively looking to realise some of the investment properties for general working capital purposes and to repay its borrowings.

Accordingly, management considers it appropriate that these financial statements are prepared on a going concern basis.

## 3(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations to FRS ("INT FRS") promulgated by the Accounting Standards Council. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information is presented in Singapore dollars, unless otherwise stated.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by group entities.

