

# Overseas Education Limited

Company Registration No: 201131905D

## UNAUDITED FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

### PART 1 INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1,Q2,& Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	GROUP		Change %
	31-Dec-13 \$'000	Year to Date ended 31-Dec-12 \$'000	
<b>Revenue</b>			
Tuition fees	98,645	95.7% 91,379	94.8% 8.0
Registration fees	1,807	1.8% 2,701	2.8% (33.1)
School bookshop sales	1,172	1.1% 1,137	1.2% 3.1
Enrichment programme revenue	916	0.9% 811	0.8% 12.9
Interest income	441	0.4% 220	0.2% 100.5
Other revenue	115	0.1% 155	0.2% (25.8)
<b>Total revenue</b>	<u>103,096</u>	100.0% <u>96,403</u>	100.0% 6.9
<b>Operating expenses</b>			
Personnel expenses	56,068	54.4% 53,324	55.3% 5.1
School lease rental	6,830	6.6% 6,827	7.1% 0.0
Depreciation and amortisation expenses	3,999	3.9% 4,354	4.5% (8.2)
Cost of goods sold	754	0.7% 739	0.8% 2.0
Enrichment programme cost	529	0.5% 475	0.5% 11.4
Utilities	774	0.8% 910	0.9% (14.9)
Upkeep and maintenance	1,137	1.1% 1,192	1.2% (4.6)
Other operating expenses	4,600	4.5% 4,113	4.3% 11.8
Share subsidy for staff shareholders	1,081	1.0% -	0.0% n.m.
<b>Total operating expenses</b>	<u>75,772</u>	73.5% <u>71,934</u>	74.6% 5.3
<b>Profit before taxation</b>	<b>27,324</b>	26.5% <b>24,469</b>	25.4% 11.7
Income tax expense	(4,714)	4.6% (3,813)	4.0% 23.6
<b>Profit for the period</b>	<u><b>22,610</b></u>	21.9% <u><b>20,656</b></u>	21.4% 9.5
Other comprehensive income for the period, net of tax	(+)	+	0.0
<b>Total comprehensive income for the period</b>	<u><u><b>22,610</b></u></u>	21.9% <u><u><b>20,656</b></u></u>	21.4% 9.5
Attributable to:			
Owners of the Company	<u>22,610</u>	21.9% <u>20,656</u>	21.4% 9.5
	<u><b>22,610</b></u>	21.9% <u><b>20,656</b></u>	21.4% 9.5

n.m. - Not meaningful

+ - Amount lower than S\$1,000

1(a)(ii) Breakdown and Explanatory Notes to Consolidated Statement of Comprehensive Income

	Group		
	Year to Date ended		Change %
	31-Dec-13 \$'000	31-Dec-12 \$'000	
Allowance for doubtful debt and bad debt written off	68	6	n.m.
Write-off for stock obsolescence	21	-	n.m.
Under/(Over) provision of tax in respect of prior year	3	(176)	n.m.
Loss on disposal of property, plant and equipment	23	52	(55.8)
Share subsidy for staff shareholders (Note A)	1,081	-	n.m.

Note A: Relates to the share subsidy provided by the Group of \$0.096 per share which was a discount of 20% to the invitation price for each reserved share subscribed by the staff shareholders in the IPO.

1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

**BALANCE SHEETS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31-Dec-13</b>	<b>31-Dec-12</b>	<b>31-Dec-13</b>	<b>31-Dec-12</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment				
- Leasehold land	36,482	-	-	-
- Other property, plant and equipment	22,330	8,917	218	174
Intangible assets	3,225	3,549	-	-
Investment in subsidiaries	-	-	46,219	31,219
Fee protection insurance deposits	-	2,024	-	-
School lease deposits	1,828	1,787	-	-
Staff housing deposits	304	398	-	-
	<u>64,169</u>	<u>16,675</u>	<u>46,437</u>	<u>31,393</u>
<b>Current assets</b>				
Inventories	596	567	-	-
Trade receivables	1,085	1,169	-	-
Other receivables and deposits	374	374	13	6
Prepayments	1,117	2,005	18	1,134
Fee protection insurance deposits	2,031	-	-	-
Cash and bank balances	111,203	2,456	68,245	723
Fixed deposits	13,500	92,000	-	12,000
	<u>129,906</u>	<u>98,571</u>	<u>68,276</u>	<u>13,863</u>
<b>TOTAL ASSETS</b>	<u>194,075</u>	<u>115,246</u>	<u>114,713</u>	<u>45,256</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables	193	205	-	-
Other payables	680	734	112	123
Amounts due to subsidiary	-	-	-	1,500
Fees received in advance	37,565	37,836	-	-
Goods and Services Tax payable	2,416	3,191	61	104
Central Provident Fund payable	476	448	32	32
Income tax payable	5,015	4,072	58	55
	<u>46,345</u>	<u>46,486</u>	<u>263</u>	<u>1,814</u>
<b>NET CURRENT ASSETS</b>	83,561	52,085	68,013	12,049
<b>Non-current liabilities</b>				
Deferred tax liabilities	1,076	1,328	-	-
<b>Net assets</b>	<u>146,654</u>	<u>67,432</u>	<u>114,450</u>	<u>43,442</u>
<b>Equity attributable to owners of the Company</b>				
Share capital	99,253	31,219	99,253	31,219
Revenue reserve	33,570	22,382	15,197	12,223
Other reserves	13,831	13,831	-	-
	<u>146,654</u>	<u>67,432</u>	<u>114,450</u>	<u>43,442</u>

**1b(ii) Aggregate amount of Group's borrowings and debt securities**

There were no borrowings or debt securities as at the end of the financial period reported on or at the end of the immediately preceding financial year.

**1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding year.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>GROUP</b>	
	<b>Year to Date ended</b>	
	<b>31-Dec-13</b>	<b>31-Dec-12</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	27,324	24,469
Adjustments for:		
Depreciation expenses	3,259	3,615
Amortisation expenses	740	739
Loss on disposal of property, plant and equipment	23	52
Write-off of intangible assets	-	50
Interest income	(441)	(220)
<b>Operating profit before working capital changes</b>	<b>30,905</b>	<b>28,705</b>
(Increase)/decrease in inventories	(29)	12
Decrease/(increase) in trade receivables	84	(521)
Increase in other receivables and deposits, and prepayments	(1,209)	(661)
Decrease/(increase) in non-current deposits	2,078	(104)
(Decrease)/increase in trade payables, other payables, GST payables and fees received in advance	(1,085)	2,117
<b>Cash generated from operations</b>	<b>30,744</b>	<b>29,548</b>
Interest received	506	216
Income tax paid	(4,022)	(4,199)
<b>Net cash generated from operating activities</b>	<b>27,228</b>	<b>25,565</b>
<b>Cash flows from investing activities</b>		
Additions of intangible assets	(415)	(565)
Acquisition of property, plant and equipment	(53,248)	(2,386)
Proceeds from disposal of property, plant and equipment	70	213
<b>Net cash used in investing activities</b>	<b>(53,593)</b>	<b>(2,738)</b>
<b>Cash flows from financing activities</b>		
Issuance of new ordinary shares on completion of IPO exercise	72,000	-
Share issuance expenses	(3,966)	-
Dividends paid	(11,422)	(8,000)
<b>Net cash generated from/(used in) financing activities</b>	<b>56,612</b>	<b>(8,000)</b>
Net increase in cash and cash equivalents	30,247	14,827
Cash and cash equivalents at beginning of the period	94,456	79,629
<b>Cash and cash equivalents at end of the period</b>	<b>124,703</b>	<b>94,456</b>

- 1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

#### STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company						Total equity \$'000
	Share capital \$'000	Revenue reserve \$'000	Other reserves, total \$'000	Foreign currency translation reserve \$'000	Merger reserve \$'000	Capital reserve \$'000	
<b>GROUP</b>							
<b>2013</b>							
Balance at 1 January 2013	31,219	22,382	13,831	1	(26,170)	40,000	67,432
Profit net of tax	-	22,610	-	-	-	-	22,610
Other comprehensive income for the period	-	-	-	+	-	-	+
Total comprehensive income for the period	-	22,610	-	+	-	-	22,610
Contributions by and distribution to owners							
Shares issued for Initial Public Offering	72,000	-	-	-	-	-	72,000
Share issuance expenses	(3,966)	-	-	-	-	-	(3,966)
Dividends	-	(11,422)	-	-	-	-	(11,422)
Total transactions with owners in their capacity as owners	68,034	(11,422)	-	-	-	-	56,612
Balance at 31 December 2013	99,253	33,570	13,831	1	(26,170)	40,000	146,654
<b>2012</b>							
Balance at 1 January 2012	31,219	9,726	13,831	1	(26,170)	40,000	54,776
Profit net of tax	-	20,656	-	-	-	-	20,656
Other comprehensive income for the period	-	-	-	(+)	-	-	(+)
Total comprehensive income for the period	-	20,656	-	(+)	-	-	20,656
Distribution to owners							
Dividends	-	(8,000)	-	-	-	-	(8,000)
Total transactions with owners in their capacity as owners	-	(8,000)	-	-	-	-	(8,000)
Balance at 31 December 2012	31,219	22,382	13,831	1	(26,170)	40,000	67,432

+ Amount lower than S\$1,000

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

**STATEMENTS OF CHANGES IN EQUITY (CONT'D)**

	Attributable to owners of the Company		
	Share capital	Revenue reserve	Total equity
	\$'000	\$'000	\$'000
<b>COMPANY</b>			
<b>2013</b>			
Balance at 1 January 2013	31,219	12,223	43,442
Profit net of tax	-	14,396	14,396
Total comprehensive income for the period	-	14,396	14,396
Contributions by owners			
Shares issued for Initial Public Offering	72,000	-	72,000
Share issuance expenses	(3,966)	-	(3,966)
Dividends	-	(11,422)	(11,422)
Total transactions with owners in their capacity as owners	68,034	(11,422)	56,612
Balance at 31 December 2013	99,253	15,197	114,450
<b>2012</b>			
Balance at 1 January 2012	31,219	(274)	30,945
Profit net of tax	-	20,497	20,497
Total comprehensive income for the period	-	20,497	20,497
Distribution to owners			
Dividends	-	(8,000)	(8,000)
Total transactions with owners in their capacity as owners	-	(8,000)	(8,000)
Balance at 31 December 2012	31,219	12,223	43,442

**1d(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

As at 31 December 2013, the Company has no outstanding convertibles nor treasury shares (31 December 2012: nil).

	Group and company	
	As at	
	31-Dec-13	31-Dec-12
At 1 January	No of shares 265,363,548	No of shares 31,219,241
Share split via subdivision of every 2 existing ordinary shares into 17 ordinary shares	-	234,144,307
Issuance of new ordinary shares pursuant to listing of the Company on SGX-ST	150,000,000	-
At 31 December	415,363,548	265,363,548

1d(iii) **The total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at	
	31-Dec-13	31-Dec-12
Total number of issued shares	415,363,548	265,363,548

1d(iv) **A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

2 **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.

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

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 2012, except for the adoption of the new and revised Financial Reporting Standards (FRS) which become effective for the financial year beginning 1 January 2013.

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 paragraph 4 did not give rise to any significant changes to the financial statements.

6 **Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	GROUP	
	Year to Date Ended 31-Dec-13	31-Dec-12
	cents	cents
<b>Earnings per ordinary share of the Group for the financial period based on net profit attributable to shareholders:</b>		
Based on weighted average number of ordinary shares on issue	5.7	7.8
On a fully diluted basis	5.7	7.8

7 **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	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
	cents	cents	cents	cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	35.3	25.4	27.6	16.4

8 **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**

Total revenue increased by \$6.70 million during the year ended 31 December 2013 (FY 2013), from \$96.40 million in the financial year ended 31 December 2012 (FY 2012) to \$103.10 million. This was an improvement of 6.9% and was mainly contributed by the increase in revenue from tuition fees, enrichment programme revenue and interest income.

Tuition fees revenue increased from \$91.38 million in FY 2012 to \$98.65 million in FY 2013. The increase was mainly attributable to revision in rates of tuition fees across all grades of the School for the academic year that commenced in August 2013.

Revenue from registration fees decreased from \$2.70 million in FY 2012 to \$1.81 million in FY 2013.

Revenue from school bookshop sales increased by 3.1%, from \$1.14 million in FY 2012 to \$1.17 million in FY 2013. Enrichment programme revenue increased from \$0.81 million in FY 2012 to \$0.92 million in FY 2013 as a result of higher enrichment fees in FY 2013.

Interest income of \$0.44 million in FY 2013 was twofold the \$0.22 million recorded in FY 2012. Interest earning bank balances increased mainly due to the IPO proceeds received in the first quarter of 2013. Other revenue decreased from \$155,000 in FY 2012 to \$115,000 in FY 2013.

In FY 2013, total operating expenses increased by \$3.84 million (5.3%) from \$71.93 million in FY 2012 to \$75.77 million, due to higher personnel expenses, cost of goods sold, enrichment programme cost, other operating expenses and a one time cost of \$1.08 million for the share subsidy. This increase was offset by the reduction in depreciation and amortisation expenses, utilities and upkeep and maintenance.

Personnel expenses were \$56.07 million in FY 2013 as compared to \$53.32 million in FY 2012, an increase of \$2.75 million (5.1%). The increase was due to salary adjustments and increase in headcount of both administrative and academic staff, resulting in a rise in aggregate salaries and CPF contributions.

Depreciation and amortisation expenses of \$4.00 million in FY 2013 were lower as compared to \$4.35 million in FY 2012. This was due to more fixed assets (in particular renovations) being fully depreciated in the first half of 2013.

Cost of goods sold increased marginally by 2% (\$0.02 million) in FY 2013 as compared to FY 2012, in line with the increase in school bookshop sales. Similarly, enrichment programme cost was also higher by \$0.05 million as a result of improved enrichment programme revenue.

Utilities decreased from \$0.91 million in FY 2012 to \$0.77 million in FY 2013 due to lower tariff in 2013.

Upkeep and maintenance decreased by \$0.06 million in FY 2013 as compared to FY 2012. Other operating expenses increased from \$4.11 million in FY 2012 to \$4.60 million in FY 2013, mainly due to general increase in expenses.

The share subsidy of \$1.08 million was for the subsidy provided by the Group of \$0.096 per share, which was equivalent to 20% of the invitation price of \$0.48 for each reserved share subscribed by 166 staff shareholders in the IPO exercise completed in Q1 2013.

Profit before taxation increased from \$24.47 million in FY 2012 to \$27.32 million in FY 2013, an increase of \$2.85 million.

Effective tax rate for FY 2013 was 17.3% as compared to 15.6% for FY 2012. The lower effective tax rate in FY 2012 was mainly due to a refund of \$176,000 received relating to FY2011.

Profit after taxation increased from \$20.66 million in FY 2012 to \$22.61 million in FY 2013, an increase of \$1.95 million or 9.5%.

### **Review of Balance Sheet as at 31 December 2013**

Leasehold land as at 31 December 2013 related to the alienation premium of \$37.10 million (exclusive of Goods and Services Tax (GST) and stamp duty) paid on the land located at Pasir Ris Drive 3, Singapore, less \$0.62 million depreciation that was transferred to construction-in-progress as part of Other property, plant and equipment.

Other property, plant and equipment increased by \$13.41 million from \$8.92 million as at 31 December 2012 to \$22.33 million as at 31 December 2013, mainly due to capital expenditure of \$15.21 million incurred for the development of the new school campus, offset by the depreciation charge of \$3.26 million in FY 2013.

Fee protection insurance deposits of \$2.03 million were reclassified to current assets as at 31 December 2013 since the deposits would be withdrawn within the next 12 months. These deposits were no longer required as the School had obtained Edutrust Certification and moved to the Fee Protection Scheme which provided full protection of fees paid by the students.

Trade receivables decreased by \$0.08 million mainly due to higher collection of outstanding receivables as at 31 December 2013.

Prepayments reduced by \$0.89 million, mainly due to the absence of prepaid IPO expenses of \$1.13 million which formed part of prepayment as at 31 December 2012.

As at 31 December 2013, the Group's cash and bank balances stood at \$111.20 million, up from \$2.46 million as at 31 December 2012. Conversely, fixed deposits were \$13.50 million as compared to \$92.00 million as at 31 December 2012. This was mainly due to the transfer of fixed deposits upon maturity to interest-bearing bank accounts. The increase in cash and bank balances and fixed deposits of \$30.24 million, from \$94.46 million as at 31 December 2012 to \$124.70 million as at 31 December 2013, was mainly contributed by the net proceeds from the issuance of shares pursuant to the IPO exercise in Q1 2013 and collection of tuition fees for the second semester of the academic year that started in August 2013, less the payment of alienation premium and capital expenditure for the construction of the new school campus.

Trade payables and other payables remained stable at \$0.19 million and \$0.68 million respectively as at 31 December 2013, as compared to \$0.21 million and \$0.73 million respectively as at 31 December 2012.

Fees received in advance decreased by \$0.27 million, from \$37.84 million as at 31 December 2012 to \$37.57 million as at 31 December 2013.

As at 31 December 2013, GST payable was \$2.42 million as compared to \$3.19 million as at 31 December 2012, the difference mainly due to the GST receivable on expenditure relating to the construction of the new school campus being offset against GST payable on billing of semester two tuition fees.

### **Review of Group cash flow for the year ended 31 December 2013**

In FY 2013, net cash generated from operating activities was \$27.23 million, which consisted of cash flows from operating activities before working capital changes of \$30.90 million, net working capital outflow of \$0.16 million, interest received of \$0.51 million and income tax paid of \$4.02 million.

The net working capital outflow of \$0.16 million mainly comprised the increase in other receivables and deposits and prepayments of \$1.21 million, the decrease in non-current deposits of \$2.08 million and the decrease in payables of \$1.09 million. The increase in other receivables and the decrease in non-current deposits were due to the transfer of fee protection insurance deposits from non-current to current assets. This increase in other receivables were offset by the decrease in prepayments as disclosed in the review of the balance sheet above. The decrease in payables was the result of lower GST payable as at 31 December 2013 compared to GST payable as at 31 December 2012 (explained above in the review of the balance sheet).

The net cash outflow in investing activities of \$53.59 million in FY 2013 was mainly due to the alienation premium paid of \$37.10 million and expenditure for the development of the new school campus.

The net cash inflow from financing activities of \$56.61 million was due to the net proceeds of \$68.03 million received from the issuance of shares pursuant to the IPO exercise completed by 8 March 2013 less dividends paid in May 2013 amounting to \$11.42 million.

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

Not applicable.

**10 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.**

Inflationary pressures could translate into higher personnel expenses. These form the largest part of the Group's operating expenses and any inability to pass on the increased costs to clients would impact its operational results.

The construction of the new school campus in Pasir Ris is underway. Capital expenditure for the new school campus will contribute to the construction-in-progress and the cashflow required to meet its obligations to the various contracting parties.

**11 Dividend**

**(a) Current financial period reported on**

The particulars of the dividend declared for the current financial year are in the following:

Name of dividend	FY2013 final dividend (proposed)
Dividend type	Cash
Dividend rate	S\$0.0275 per share
Tax rate	Tax-exempt (one-tier)
Date payable	19 May 2014

**Date Payable**

The proposed dividend shall be payable on 19 May 2014.

**Books closure date**

Registrable transfers received by the Company's Registrar, M&C Services Private Limited, of 112 Robinson Road, #05-01, Singapore 068902 up to 5.00 p.m. on 8 May 2014 will be registered before entitlements to the dividend are determined.

Notice is hereby given that the share registers will be closed on 9 May 2014 for the preparation of dividend warrants.

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

Name of dividend	FY2012 Interim dividend	FY2012 final dividend
Dividend type	Cash	Cash
Dividend rate	S\$0.26 per share *	S\$0.0275 per share
Tax rate	Tax-exempt (one-tier)	Tax-exempt (one-tier)
Date paid	30 March 2012	21 May 2013

\* The dividends were declared prior to the sub-division of shares during the year. The dividend per share is calculated based on 31,219,241 ordinary shares (before subdivision) of the Company in issue as at date of declaration.

The total annual dividend for the financial year ended 31 December 2013 was \$11,422,498 (2012: S\$19,422,498).

**12 If no dividend has been declared/ recommended, a statement to that effect.**

Not applicable.

**13 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.

**14 Segmented revenue and results for business or geographical segments( of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

The Company and its subsidiaries operate in Singapore in one business segment as determined in accordance with FRS 108, that of provision of education under a foreign education system. All revenue and expenses, and more than 99% of its assets and liabilities are derived from operations in Singapore.

**15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

This has been addressed in paragraph 14.

**16 A breakdown of sales**

	<b>GROUP</b>		
	<b>31-Dec-13</b>	<b>31-Dec-12</b>	<b>Change</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Sales reported for the first half year	51,223	46,382	10.4
Operating profits after tax before deducting non-controlling interests reported for the first half year	11,466	9,385	22.2
Sales reported for the second half year	51,873	50,021	3.7
Operating profits after tax before deducting non-controlling interests reported for the second half year	11,144	11,271	(1.1)

**17 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13).**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, no person occupying managerial positions in Overseas Education Limited (the "Company") or any of its principal subsidiaries is related to the Directors or Chief Executive Officer or Substantial Shareholders of the Company.

**18 Disclosure of the status on the use of proceeds raised from IPO.**

On 10 February 2014, the Company announced the use of S\$1.2 million of the IPO proceeds for the building of the new school campus. Balance IPO proceeds is S\$66,833,985.

BY ORDER OF THE BOARD

David Alan Perry  
Executive Chairman and Chief Executive Officer  
February 24, 2014

The initial public offering of the Company's shares was sponsored by United Overseas Bank Limited (the "Issue Manager"). The Issue Manager assumes no responsibility for the contents of this Announcement.