

Overseas Education Limited

Company Registration No: 201131905D

UNAUDITED FULL YEAR FINANCIAL STATEMENTS 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

	31-Dec-19 \$'000	GROUP		Change %	
		For the year ended 31-Dec-18 \$'000			
Revenue					
Tuition fees	79,602	96.7%	80,342	96.7%	(0.9)
Registration fees	1,173	1.4%	1,193	1.4%	(1.7)
School shop revenue	627	0.8%	577	0.7%	8.7
Enrichment programme revenue	556	0.7%	551	0.7%	0.9
Interest income	318	0.4%	385	0.5%	(17.4)
Other revenue	22	0.0%	29	0.0%	(24.1)
Total revenue	82,298	100.0%	83,077	100.0%	(0.9)
Expenses					
Personnel expenses	44,095	53.6%	47,354	57.0%	(6.9)
School shop costs	386	0.5%	355	0.4%	8.7
Enrichment programme costs	375	0.5%	378	0.5%	(0.8)
Utilities	890	1.1%	947	1.1%	(6.0)
Upkeep and maintenance	1,388	1.7%	1,478	1.8%	(6.1)
Finance costs	4,974	6.0%	7,029	8.5%	(29.2)
Other operating expenses	5,956	7.2%	6,100	7.3%	(2.4)
Expenses before depreciation and amortisation	58,064	70.6%	63,641	76.6%	(8.8)
Profit before depreciation and amortisation	24,234	29.4%	19,436	23.4%	24.7
Depreciation expenses					
- Leasehold land	1,237	1.5%	1,237	1.5%	0.0
- School buildings	3,656	4.4%	3,656	4.4%	0.0
- Other plant and equipment	4,711	5.7%	4,682	5.6%	0.6
- Leased assets	3,387	4.1%	-	0.0%	n.m.
Amortisation of intangible assets	455	0.6%	510	0.6%	(10.8)
	13,446	16.3%	10,085	12.1%	33.3
Profit before taxation	10,788	13.1%	9,351	11.3%	15.4
Income tax expense - current tax	(2,753)		(2,178)		
- deferred tax	(28)		(266)		
	(2,781)	3.4%	(2,444)	3.0%	13.8
Net profit for the year	8,007	9.7%	6,907	8.3%	15.9
Other comprehensive income for the year, net of tax	-		+		0.0
Total comprehensive income for the year	8,007	9.7%	6,907	8.3%	15.9
Attributable to:					
Owners of the Company	8,007	9.7%	6,907	8.3%	15.9
	8,007	9.7%	6,907	8.3%	15.9

n.m. - Not meaningful

+ - Amount lower than S\$1,000

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

	GROUP		
	For the year ended		
	31-Dec-19	31-Dec-18	Change
	\$'000	\$'000	%
Impairment loss on financial assets	130	239	(45.6)
Write-off for stock obsolescence	7	4	75.0
Loss on disposal of plant and equipment	3	38	(92.1)
Fair value loss on bonds repurchased	-	93	n.m.

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

	Note	GROUP		COMPANY	
		As at	As at	As at	As at
		31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Non-current assets					
Property, plant and equipment					
- Leasehold land		29,062	30,298	-	-
- School buildings		166,337	170,079	-	-
- Other plant and equipment		54,315	57,739	132	27
Leased assets		4,096	-	57	-
Intangible assets		1,766	1,931	-	-
Investment in subsidiaries		-	-	101,219	101,219
Deposits		390	296	-	-
Staff housing deposits		314	151	-	-
Other long term asset		334	334	-	-
		<u>256,614</u>	<u>260,828</u>	<u>101,408</u>	<u>101,246</u>
Current assets					
Inventories		422	413	-	-
Trade receivables		1,091	1,047	-	-
Other receivables and deposits		209	306	12	12
Amount owing by subsidiary		-	-	8,000	129,179
Bonds - Issuance expenses	2	-	99	-	99
Prepayments		996	955	12	12
Cash and cash equivalents		45,498	41,633	5,593	5,864
		<u>48,216</u>	<u>44,453</u>	<u>13,617</u>	<u>135,166</u>
TOTAL ASSETS		<u>304,830</u>	<u>305,281</u>	<u>115,025</u>	<u>236,412</u>
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables		270	318	-	-
Other payables and liabilities		1,412	761	120	181
Fees received in advance		30,504	28,454	-	-
Lease liabilities		2,959	-	58	-
Borrowings - Bank Loan	1	6,042	-	-	-
Bank Loan - Interest payable		802	-	-	-
Borrowings - Bonds	2	-	117,750	-	117,750
Bonds - Interest payable		-	1,275	-	1,275
Goods and Services Tax payable		2,679	2,548	61	60
Central Provident Fund payable		404	409	3	3
Income tax payable		2,758	2,183	196	111
		<u>47,830</u>	<u>153,698</u>	<u>438</u>	<u>119,380</u>
NET CURRENT ASSETS / (LIABILITIES)		386	(109,245)	13,179	15,786
Non-current liabilities					
Borrowings - Bank Loan	1	107,539	-	-	-
Fees received in advance		711	637	-	-
Lease liabilities		1,192	-	-	-
Deferred tax liabilities	3	7,950	7,922	-	-
		<u>117,392</u>	<u>8,559</u>	<u>-</u>	<u>-</u>
NET ASSETS		<u>139,608</u>	<u>143,024</u>	<u>114,587</u>	<u>117,032</u>
Equity attributable to owners of the Company					
Share capital		99,253	99,253	99,253	99,253
Revenue reserve		66,524	69,940	15,334	17,779
Foreign currency translation reserve		1	1	-	-
Merger reserve		(26,170)	(26,170)	-	-
TOTAL EQUITY		<u>139,608</u>	<u>143,024</u>	<u>114,587</u>	<u>117,032</u>

	GROUP	
	As at 31-Dec-19 \$'000	As at 31-Dec-18 \$'000
Note 1:		
Borrowings - Bank Loan		
- Current liabilities		
Bank Loan	6,160	-
Less: Bank Loan - facility fee	(118)	
	<u>6,042</u>	
- Non-current liabilities		
Bank Loan	108,510	
Less: Bank Loan - facility fee	(971)	
	<u>107,539</u>	-
Bank loan at amortised cost	<u><u>113,581</u></u>	<u><u>-</u></u>

	GROUP	
	As at 31-Dec-19 \$'000	As at 31-Dec-18 \$'000
Note 2:		
Borrowings - Bonds		
- Current liabilities	-	117,750
Bonds - Issuance expenses		
- Current assets	-	(99)
	<u>-</u>	<u>(99)</u>
Bonds at amortised cost	<u><u>-</u></u>	<u><u>117,651</u></u>

The Company fully redeemed \$117.75 million of its Bonds in the second quarter of FY2019. Please refer to 1b(ii) for more information.

	GROUP	
	As at 31-Dec-19 \$'000	As at 31-Dec-18 \$'000
Note 3:		
Deferred tax liabilities		
Balance at beginning of the year	7,922	7,656
Movements during the year comprising:		
- Difference in provisions, unabsorbed capital allowances, and unearned registration fees	(60)	333
- Differences in depreciation and amortisation for tax purposes	88	(67)
Deferred tax charged to P&L during the year	<u>28</u>	<u>266</u>
Balance at end of the year	<u><u>7,950</u></u>	<u><u>7,922</u></u>

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

(1) Bank Loan

An unsecured 10-year bank term loan facility of \$117.75 million was utilised to fully redeem the remaining outstanding Company's Bonds of \$117.75 million on 17 Apr 2019. The bank loan shall be repaid in quarterly instalments of \$1.54 million per quarter, and interest calculated at the prevailing bank's offer interest rate on the outstanding loan balance. Any amount of the loan outstanding at the end of 10-year term is available for further refinancing

	GROUP		
	As at 31-Dec-19 \$'000	As at 31-Dec-18 \$'000	
Opening bank loan balance	117,750	-	
Instalments repaid during the year	(3,080)	-	
Closing bank loan at end of the year	114,670	-	
Less:			
Total facility fee incurred	1,177	-	Note *
Accumulated amortisation	(88)	-	
Facility fee (net)	1,089	-	
Bank loan at amortised cost	113,581	-	
Represented by:			
Borrowings - Bank Loan			
- Current liabilities	6,042	-	
- Non-current liabilities	107,539	-	
	113,581	-	

Note * Facility fee incurred on the 10-year bank term loan was \$1.18 million and to be amortised over the period of the term loan.

Total bank loan interest paid in the current financial year was \$2.09 million.

(2) Bonds

The Company previously issued \$150 million bonds (the "Bonds") on 17 April 2014 with maturity on 17 April 2019. The Bonds were unsecured with an interest rate of 5.20 per cent. per annum payable semi-annually in arrears.

The Company repurchased and cancelled an aggregated \$32.25 million of Bonds during the financial years FY2016 to FY2018. On maturity date 17 April 2019, the Group utilised a long term 10-year bank loan facility of \$117.75 million to fully redeem the remaining outstanding \$117.75 million of Bonds with the final accrued interest being funded by internal resources of the Company.

Following the redemption, there were no outstanding Bonds, and the Bonds were delisted from the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST").

Please refer to the Company's announcements to SGX-ST on 16 April 2019 and 31 January 2019 for further information.

As at 31 December 2019, the Company has Nil balance (31 December 2018: \$117.75 million) in aggregated principal amount of Bonds.

	As at		
	31-Dec-19 \$'000	31-Dec-18 \$'000	
Borrowings - Bonds	117,750	117,750	
Bonds - Issuance expenses	-	(99)	Note **
Redemption of Bonds	(117,750)	-	
Bonds at amortised cost	-	117,651	
Note ** Total bonds issuance expenses incurred	2,181	2,181	
Accumulated amortisation	(2,181)	(2,043)	
Amortisation of bonds repurchased during the year	-	(39)	
Bonds issuance expenses (net)	-	99	

- 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 STATEMENT OF CASH FLOWS

	GROUP	
	For the year ended	
	31-Dec-19	31-Dec-18
	\$'000	\$'000
Cash flows from operating activities		
Profit before taxation	10,788	9,351
Adjustments for:		
Depreciation and amortisation expenses	13,446	10,085
Loss on disposal of property, plant and equipment	3	38
Fair value loss on bonds repurchased	-	93
Finance costs	4,974	7,029
Interest income	(318)	(385)
Operating profit before working capital changes	28,893	26,211
(Increase)/decrease in inventories	(9)	21
(Increase)/decrease in trade receivables	(44)	120
Decrease in other receivables, deposits and prepayments	56	10
(Increase)/decrease in non-current deposits	(845)	77
Increase/(decrease) in trade payables, other payables, liabilities and fees received in advance (current and non-current)	2,853	(1,686)
Cash generated from operations	30,904	24,753
Interest received	318	385
Income tax paid	(2,178)	(51)
Lease interest paid	(119)	-
Net cash generated from operating activities	28,925	25,087
Cash flows from investing activities		
Additions of intangible assets	(290)	(363)
Acquisition of property, plant and equipment	(1,249)	(1,179)
Proceeds from disposal of plant and equipment	44	78
Net cash used in investing activities	(1,495)	(1,464)
Cash flows from financing activities		
Payment of principal portion of lease liabilities	(3,327)	-
Proceeds from borrowings - bank loan	117,750	-
Partial loan facility fee paid	(589)	-
Bank loan repayment	(3,080)	-
Bank interest paid	(2,093)	-
Bond interest paid and expensed	(3,053)	(6,512)
Dividends paid	(11,423)	(11,423)
Bonds redemption/repurchased	(117,750)	(17,639)
Net cash used in financing activities	(23,565)	(35,574)
Net increase/(decrease) in cash and cash equivalents	3,865	(11,951)
Cash and cash equivalents at beginning of the year	41,633	53,584
Cash and cash equivalents at end of the year	45,498	41,633

- 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				
	Share capital \$'000	Revenue reserve \$'000	Foreign currency translation reserve \$'000	Merger reserve \$'000	Total equity \$'000
	(Note #)				
GROUP					
2019					
Balance at 1 January 2019	99,253	69,940	1	(26,170)	143,024
Profit net of tax	-	8,007	-	-	8,007
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	8,007	-	-	8,007
Distribution to owners					
Dividends	-	(11,423)	-	-	(11,423)
Total transactions with owners in their capacity as owners	-	(11,423)	-	-	(11,423)
Balance at 31 December 2019	99,253	66,524	1	(26,170)	139,608
2018					
Balance at 1 January 2018	99,253	74,456	1	(26,170)	147,540
Profit net of tax	-	6,907	-	-	6,907
Other comprehensive income for the year	-	-	+	-	+
Total comprehensive income for the year	-	6,907	+	-	6,907
Distribution to owners					
Dividends	-	(11,423)	-	-	(11,423)
Total transactions with owners in their capacity as owners	-	(11,423)	-	-	(11,423)
Balance at 31 December 2018	99,253	69,940	1	(26,170)	143,024
	+ 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 \$'000	Revenue reserve \$'000	Total equity \$'000
COMPANY			
2019			
Balance at 1 January 2019	99,253	17,779	117,032
Profit net of tax	-	8,978	8,978
Total comprehensive income for the year	-	8,978	8,978
Distribution to owners			
Dividends	-	(11,423)	(11,423)
Total transactions with owners in their capacity as owners	-	(11,423)	(11,423)
Balance at 31 December 2019	<u>99,253</u>	<u>15,334</u>	<u>114,587</u>
2018			
Balance at 1 January 2018	99,253	3,602	102,855
Profit net of tax	-	25,600	25,600
Total comprehensive income for the year	-	25,600	25,600
Distribution to owners			
Dividends	-	(11,423)	(11,423)
Total transactions with owners in their capacity as owners	-	(11,423)	(11,423)
Balance at 31 December 2018	<u>99,253</u>	<u>17,779</u>	<u>117,032</u>

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 2019, the Company has no outstanding convertibles (31 December 2018: nil).

As at 31 December 2019, the Company has no treasury shares (31 December 2018: nil) and no subsidiary holdings (31 December 2018: nil).

	Company
	No of shares
At 31 December 2019 and 31 December 2018	<u>415,363,548</u>

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-19	31-Dec-18
Total number of issued shares	<u>415,363,548</u>	<u>415,363,548</u>

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.

1d(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings 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 auditing standard or practice.

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

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 2018, 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 2019.

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 performance or position of the Group except for the following:

Adoption of SFRS(I) 16 Leases

SFRS(I) 16 is effective for financial years beginning on or after 1 January 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

SFRS(I) 16 has resulted in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term leases and leases of low value assets. The accounting for lessors has not changed significantly.

Leased assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

The adoption of SFRS(I) 16 resulted in adjustments to the balance sheet of the Group as at 1 January 2019. The differences from the balance sheet as previously reported at 31 December 2018 are as follows:

	GROUP
	1-Jan-19
	\$'000
<u>Balance sheet</u>	
Increase in leased assets	2,949
Increase in lease liabilities - Current and Non-current	(2,949)

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	
	For the year ended	
	31-Dec-19	31-Dec-18
	cents	cents
Earnings per ordinary share of the Group for the financial period based on net profit attributable to shareholders:		
Based on weighted average number of ordinary shares on issue	1.9	1.7
On a fully diluted basis	1.9	1.7
Weighted average number of ordinary shares for basic and diluted earnings per share computation	415,363,548	415,363,548

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	
	As at	As at	As at	As at
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	cents	cents	cents	cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	33.6	34.4	27.6	28.2

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

The Group posted total revenue of \$82.30 million for the financial year ended 31 December 2019 (FY 2019) compared to \$83.08 million for the last financial year (FY 2018). The decrease in total revenue was due to weaker student enrolment during the first half of FY 2019 compared to the same period in FY 2018.

Details of revenue lines are as follows:

Revenue from tuition fees was lower at \$79.60 million in FY 2019 compared to \$80.34 million in FY 2018.

Revenue from registration fees was \$1.17 million in FY 2019 compared to \$1.19 million in FY 2018.

School shop revenue was \$0.63 million in FY 2019 compared to \$0.58 million in FY 2018.

Enrichment programme revenue of \$0.56 million in FY 2019 was comparable with FY 2018.

Interest income was \$0.32 million in FY 2019 compared to \$0.39 million in FY 2018. Other revenue was \$0.02 million in FY 2019 compared to \$0.03 million in FY 2018.

Total expenses before depreciation and amortisation was lower at \$58.06 million in FY 2019 compared to \$63.64 million in FY 2018. The Group benefitted mainly from lower personnel expenses and lower interest cost as explained below.

Personnel expenses decreased to \$44.10 million in FY 2019 from \$47.35 million in FY 2018. The decrease was mainly due to the adoption of the new accounting standard SFRS(I) 16 Leases, which required rentals on staff housing leases to be recognised on the balance sheet as leased assets and depreciated over the lease periods. The depreciation of the leased assets is disclosed in Depreciation expenses below. Please refer to paragraph 5 for more information and the financial impact arising from the adoption of SFRS(I) 16 Leases.

School shop costs were \$0.39 million in FY 2019 compared to \$0.36 million in FY 2018.

Enrichment programme costs were \$0.38 million in FY 2019 and FY 2018.

Utilities expenses were lower at \$0.89 million in FY 2019 compared to \$0.95 million in FY 2018.

Upkeep and maintenance expenses were lower at \$1.39 million in FY 2019 compared to \$1.48 million in FY 2018.

Finance costs were lower at \$4.97 million in FY 2019 compared to \$7.03 million in FY 2018 due to the lower prevailing interest rate on the new 10-year bank loan facility utilised to refinance the redemption of the Company's Bonds in April 2019. Further details on the 10-year bank loan facility and the redemption of the Company's Bonds are disclosed in paragraph 1(b)(ii).

Other operating expenses were \$5.96 million in FY 2019 compared to \$6.10 million in FY 2018.

Depreciation and amortisation expenses were \$13.45 million in FY 2019 compared to \$10.09 million in FY 2018. The increase was due to the additional depreciation of \$3.39 million in FY 2019 on leased assets arising from the adoption of SFRS(I) 16 Leases with effect from 1 January 2019. Please refer to paragraph 5 for more information and the financial impact arising from the adoption of SFRS(I) 16 Leases.

Profit before taxation ended higher at \$10.79 million in FY 2019 compared to \$9.35 million in FY 2018, an increase of 15.4% over the last financial year.

Income tax expense was \$2.78 million in FY 2019 compared to \$2.44 million in FY 2018. The FY 2019 income tax expense comprised of provision for current tax of \$2.75 million and accrual of net deferred tax of \$0.03 million, whilst FY 2018 income tax expense comprised current tax of \$2.18 million and accrual of net deferred tax of \$0.27 million. The net deferred tax liabilities arose due to the recognition of the tax effect on temporary differences between the net book value and the tax-written-down value of qualifying assets.

Net profit after taxation ended higher at \$8.01 million in FY 2019 compared to \$6.91 million in FY 2018, an improvement of 15.9% over the last financial year.

Review of Group Balance Sheet as at 31 December 2019

Total property, plant and equipment and leased assets at 31 December 2019 amounted to \$253.81 million compared to \$258.12 million at 31 December 2018. The decrease of \$4.31 million was due mainly to the depreciation charge for the reporting period, offset by the additional leased assets recognised in 2019 which arose from the adoption of SFRS(I) 16 Leases as explained in paragraph 5.

Inventories of school uniforms, books and stationery supplies for sale at the school shop were \$0.42 million at 31 December 2019 compared to \$0.41 million at 31 December 2018.

Trade receivables comprised amounts attributable to tuition fees, registration fees, school shop revenue and other revenue. Trade receivables balance at 31 December 2019 was \$1.09 million compared to \$1.05 million at 31 December 2018, due mainly to the timing of collection of the receivables for the reporting period.

Prepayments increased by \$0.04 million due to the timing of prepaid expenses incurred at the start of each new academic semester.

The Group's cash and bank balances amounted to \$45.50 million at 31 December 2019 and \$41.63 million at 31 December 2018. The net increase was due to cash movements in operating, investing and financing activities, as explained in the Review of Group cash flow below.

Trade and other payables and liabilities were higher at \$1.68 million at 31 December 2019 compared to \$1.08 million at 31 December 2018, due mainly to timing of payments of operating expenses.

Total fees received in advance (current and non-current) was \$31.22 million at 31 December 2019 and \$29.09 million at 31 December 2018. The total fees received in advance comprised tuition fees collected for the next semester which commenced in January 2020, and registration fees for enrolment.

Lease liability (current and non-current) of \$4.15 million at 31 December 2019 arose from the adoption of SFRS(I) 16 Leases with effect from 1 January 2019 as explained in paragraph 5.

Borrowings - Bank Loan (current and non-current). An unsecured 10-year bank term loan facility of \$117.75 million was utilised to fully redeem the remaining outstanding Company's Bonds of \$117.75 million on 17 Apr 2019. The Group paid the first and second quarterly instalment of \$1.54 million each in Q3 2019 and Q4 2019, and the remaining bank loan balance at amortised cost at 31 December 2019 was \$113.58 million. More information on the redemption of the Company's Bonds through the utilisation of the bank loan facility is disclosed in paragraph 1b(ii).

Bank Loan - Interest payable on the aforesaid long term bank loan was accrued for Q4 2019 at the current prevailing bank's offer interest rate of approximately 3.4% per annum.

Goods and Services Tax payable of \$2.68 million and \$2.55 million at 31 December 2019 and 31 December 2018 respectively arose mainly from the billing of next semester's tuition fees.

Deferred tax liabilities amounted to \$7.95 million at 31 December 2019 compared to \$7.92 million at 31 December 2018. 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 year ended 31 December 2019

The net cash generated from operating activities in FY 2019 was \$28.92 million, which consisted of cash inflow from operating profit before working capital changes of \$28.89 million, net working capital inflow of \$2.01 million, interest received of \$0.32 million, income tax paid of \$2.18 million and lease interest paid of \$0.12 million.

The above-mentioned net working capital inflow of \$2.01 million arose mainly from cash inflow relating to the increase in trade and other payables, liabilities and fees received in advance of \$2.85 million, offset by the cash outflow from the increase in non-current deposits, trade receivables and inventories less the decrease in other receivables, deposits and prepayments.

The net cash used in investing activities of \$1.50 million in FY 2019 was mainly due to additions of property, plant and equipment of \$1.25 million.

The net cash outflow in financing activities of \$23.57 million was for the lease payments of \$3.33 million, net proceeds from bank borrowings of \$117.16 million used for bonds redemption of \$117.75 million, bank loan repayment of \$3.08 million, payment of bank interest and bond interest of \$5.15 million and payment of the final dividend in respect of FY 2018 in May 2019 of \$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.

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

The Group believes Overseas Family School (OFS) is an inextricable part of Singapore's social and economic infrastructure supporting foreign direct investments into Singapore, and an important consideration for expatriates contemplating the relocation of their families, especially of their school-going children here. OFS is well placed in the FSS market to compete and to support any expansion of foreign direct investments and increase in expatriate families with school-going children into Singapore.

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

There is no FY2019 interim dividend paid in the current financial year.

The final dividend declared for the current financial year FY 2019 is as follows:

Name of dividend	FY 2019 Final Dividend (proposed)
Dividend type	Cash
Dividend rate	S\$0.0275 per share
Tax rate	Tax-exempt (one-tier)
Date payable	15 May 2020

Date Payable

The proposed FY 2019 Final Dividend shall be payable on 15 May 2020.

Record 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 4 May 2020 will be registered before entitlements to the FY 2019 Final Dividend are determined.

Notice is hereby given that the share registers will be closed on 5 May 2020 for the preparation of dividend warrants.

(b) Corresponding period of the immediately preceding financial year

Name of dividend	FY 2018 Final Dividend
Dividend type	Cash
Dividend rate	S\$0.0275 per share
Tax rate	Tax-exempt (one-tier)
Date paid	17 May 2019

The total annual dividends paid in the financial year ended 31 December 2019 and 31 December 2018 were as follows:

	31-Dec-19 \$'000	31-Dec-18 \$'000
Final exempt (one-tier) dividend for previous financial year: \$0.0275 per share (2018: \$0.0275 per share)	11,423	11,423

12 If no dividend has been declared/ recommended, a statement to that effect and the reason(s) for the decision.

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, to provide 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**

	31-Dec-19 \$'000	GROUP 31-Dec-18 \$'000	Change %
Sales reported for the first half year	41,164	42,671	(3.5)
Operating profit after tax before deducting non-controlling interests reported for the first half year	3,685	3,718	(0.9)
Sales reported for the second half year	41,134	40,406	1.8
Operating profit after tax before deducting non-controlling interests reported for the second half year	4,322	3,189	35.5

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).**

Name	Age	Family relationship with any director and/or chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Ms. Chee Jingying, Joyce	35	Daughter of Executive Director, Ms. Wong Lok Hiong	Student Recruitment Manager since 2014 in Overseas Family School Limited. Responsible for active recruitment of new students and overseeing the Student Recruitment Department.	Not Applicable

18 **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	\$ <u>65,635,545</u>
Balance proceeds	\$ <u>2,398,440</u>

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

19 **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.

BY ORDER OF THE BOARD

David Alan Perry
Executive Chairman and Chief Executive Officer
13 February 2020