

# Overseas Education Limited and Subsidiary Companies

Unaudited Condensed Interim Financial Statements  
For the six months ended 30 June 2023

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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 2023

	Note	6 months ended 30 June 2023 S\$'000	6 months ended 30 June 2022 S\$'000	Increase/ (decrease) %
<b>Revenue</b>				
Tuition fees		42,247	36,418	16.0
Registration fees		563	502	12.2
School shop revenue		168	135	24.4
Enrichment programme revenue		465	335	38.8
Interest income		138	20	590.0
Other income		8	7	14.3
<b>Total revenue</b>	5	<b>43,589</b>	<b>37,417</b>	<b>16.5</b>
<b>Operating Expenses</b>				
Personnel expenses		(23,739)	(22,375)	6.1
School shop costs		(110)	(92)	19.6
Enrichment programme costs		(311)	(295)	5.4
Utilities		(652)	(923)	(29.4)
Upkeep and maintenance		(789)	(718)	9.9
Finance costs	6	(2,170)	(1,548)	40.2
Other operating expenses		(3,101)	(2,690)	15.3
<b>Operating expenses before depreciation and amortisation</b>		<b>(30,872)</b>	<b>(28,641)</b>	<b>7.8</b>
<b>Profit before depreciation and amortisation</b>		<b>12,717</b>	<b>8,776</b>	<b>44.9</b>
Depreciation expenses		(6,794)	(6,735)	0.9
Amortisation of intangible assets		(179)	(179)	0.0
		(6,973)	(6,914)	0.9
<b>Profit after depreciation and amortisation</b>		<b>5,744</b>	<b>1,862</b>	<b>208.5</b>
<b>Fair value gain on derivatives</b>	6	160	1,749	(90.9)
<b>Profit before taxation</b>	6	<b>5,904</b>	<b>3,611</b>	<b>63.5</b>
Income tax expense – current tax	7	(1,825)	(1,192)	53.1
– deferred tax	7, 16	362	420	(13.8)
		(1,463)	(772)	89.5
<b>Net profit for the period attributable to owners of the Company</b>		<b>4,441</b>	<b>2,839</b>	<b>56.4</b>
<b>Other comprehensive income for the period, net of tax</b>				
Item that may be reclassified subsequently to profit or loss				
Foreign currency translation		*	*	
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<b>4,441</b>	<b>2,839</b>	<b>56.4</b>
<b>Earnings per share (cents)</b>				
- Basic and diluted	8	1.1	0.7	

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 2023

	Note	Group		Company	
		30 June 2023 S\$'000	31 December 2022 S\$'000	30 June 2023 S\$'000	31 December 2022 S\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment					
- Leasehold land	9	24,733	25,352	–	–
- School buildings, plant and equipment	9	193,808	197,532	105	56
Right-of-use assets		3,014	3,770	94	18
Intangible assets		1,794	1,757	–	–
Investment in subsidiaries		–	–	101,219	101,219
Derivatives	10	2,628	2,589	–	–
Deposits		165	353	–	–
Staff housing deposits		315	176	–	–
Other long-term asset		334	334	–	–
		<b>226,791</b>	<b>231,863</b>	<b>101,418</b>	<b>101,293</b>
<b>Current assets</b>					
Inventories		470	468	–	–
Derivatives	10	301	180	–	–
Trade receivables	11	2,362	637	–	–
Other receivables and deposits		520	500	13	13
Prepayments		1,131	1,103	17	15
Amount due from subsidiary	12	–	–	–	4,000
Cash and cash equivalents	13	30,350	50,353	3,622	3,608
		<b>35,134</b>	<b>53,241</b>	<b>3,652</b>	<b>7,636</b>
<b>TOTAL ASSETS</b>		<b>261,925</b>	<b>285,104</b>	<b>105,070</b>	<b>108,929</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Current liabilities</b>					
Trade payables		485	377	–	–
Other payables and liabilities		907	819	79	96
Fees received in advance	14	15,631	35,763	–	–
Lease liabilities		2,256	3,069	48	19
Borrowings – Bank loan	15	7,112	7,024	–	–
Goods and Services Tax payable		3,099	2,728	63	57
Central Provident Fund payable		356	404	2	2
Income tax payable		3,013	2,376	251	247
		<b>32,859</b>	<b>52,560</b>	<b>443</b>	<b>421</b>
<b>NET CURRENT ASSETS</b>		<b>2,275</b>	<b>681</b>	<b>3,209</b>	<b>7,215</b>
<b>Non-current liabilities</b>					
Fees received in advance	14	827	813	–	–
Borrowings – Bank loan	15	86,390	89,412	–	–
Lease liabilities		740	720	46	–
Deferred tax liabilities	16	6,097	6,459	–	–
		<b>94,054</b>	<b>97,404</b>	<b>46</b>	<b>–</b>
<b>NET ASSETS</b>		<b>135,012</b>	<b>135,140</b>	<b>104,581</b>	<b>108,508</b>
<b>Equity attributable to owners of the Company</b>					
Share capital	17	99,253	99,253	99,253	99,253
Revenue reserve		61,929	62,057	5,328	9,255
Other reserves	18	(26,170)	(26,170)	–	–
<b>TOTAL EQUITY</b>		<b>135,012</b>	<b>135,140</b>	<b>104,581</b>	<b>108,508</b>

Overseas Education Limited and Subsidiary Companies

C. Condensed interim statements of changes in equity  
For the six-month financial period ended 30 June 2023

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
<b>2023</b>							
Balance at 1 January 2023		99,253	62,057	(26,170)	1	(26,171)	135,140
Net profit after tax		–	4,441	–	–	–	4,441
Other comprehensive income for the period		–	–	*	*	–	*
Total comprehensive income for the period		–	4,441	*	*	–	4,441
Dividends	19	–	(4,569)	–	–	–	(4,569)
Contributions by and distributions to owners		–	(4,569)	–	–	–	(4,569)
Balance at 30 June 2023		<b>99,253</b>	<b>61,929</b>	<b>(26,170)</b>	<b>1</b>	<b>(26,171)</b>	<b>135,012</b>

\* – 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 2023

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
<b>Group</b>						
<b>2022</b>						
Balance at 1 January 2022	99,253	62,179	(26,170)	1	(26,171)	135,262
Net profit after tax	–	2,839	–	–	–	2,839
Other comprehensive income for the period	–	–	*	*	–	*
Total comprehensive income for the period	–	2,839	*	*	–	2,839
Dividends	–	(5,400)	–	–	–	(5,400)
Contributions by and distributions to owners	–	(5,400)	–	–	–	(5,400)
Balance at 30 June 2022	<b>99,253</b>	<b>59,618</b>	<b>(26,170)</b>	<b>1</b>	<b>(26,171)</b>	<b>132,701</b>

\* – 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 2023**

	Note	Attributable to owners of the Company		
		Share capital (Note 17) S\$'000	Revenue reserve S\$'000	Total equity S\$'000
<b>Company</b>				
<b>2023</b>				
Balance at 1 January 2023		99,253	9,255	108,508
Net profit after tax		–	642	642
Total comprehensive income for the period		–	642	642
Dividends	19	–	(4,569)	(4,569)
Contributions by and distributions to owners		–	(4,569)	(4,569)
Balance at 30 June 2023		<b>99,253</b>	<b>5,328</b>	<b>104,581</b>
<b>2022</b>				
Balance at 1 January 2022		99,253	9,408	108,661
Net profit after tax		–	579	579
Total comprehensive income for the period		–	579	579
Dividends	19	–	(5,400)	(5,400)
Contributions by and distributions to owners		–	(5,400)	(5,400)
Balance at 30 June 2022		<b>99,253</b>	<b>4,587</b>	<b>103,840</b>

**Overseas Education Limited and Subsidiary Companies**

**D. Condensed interim consolidated statement of cash flows**  
**For the six-month financial period ended 30 June 2023**

	Note	6 months ended 30 June 2023 S\$'000	6 months ended 30 June 2022 S\$'000
<b>Cash flows from operating activities</b>			
Profit before taxation		5,904	3,611
Adjustments for:			
Depreciation expenses		6,794	6,735
Amortisation expenses		179	179
Gain on disposal of property, plant and equipment		(9)	(1)
Interest income		(138)	(20)
Finance costs		2,170	1,548
Fair value gain on derivatives		(160)	(1,749)
<b>Operating profit before working capital changes</b>		<b>14,740</b>	<b>10,303</b>
Increase in inventories		(2)	(32)
Increase in trade receivables		(1,725)	(1,212)
Decrease in other receivables, deposits and prepayments		23	2,137
Decrease/(increase) in non-current deposits		49	(257)
Decrease in trade payables, other payables and liabilities, and fees received in advance		(19,599)	(13,800)
<b>Cash used in operations</b>		<b>(6,514)</b>	<b>(2,861)</b>
Interest received		138	20
Income tax paid		(1,189)	(1,180)
Lease interest paid		(39)	(44)
<b>Net cash used in operating activities</b>		<b>(7,604)</b>	<b>(4,065)</b>
<b>Cash flows from investing activities</b>			
Additions of intangible assets		(214)	(186)
Acquisition of property, plant and equipment		(461)	(127)
Proceeds from disposal of property, plant and equipment		29	5
<b>Net cash used in investing activities</b>		<b>(646)</b>	<b>(308)</b>
<b>Cash flows from financing activities</b>			
Payment of principal portion of lease liabilities		(2,044)	(1,958)
Bank loan interest paid		(2,060)	(878)
Bank loan repayment		(3,080)	(3,080)
Dividends paid	19	(4,569)	(5,400)
<b>Net cash used in financing activities</b>		<b>(11,753)</b>	<b>(11,316)</b>
Net decrease in cash and cash equivalents		(20,003)	(15,689)
Cash and cash equivalents at beginning of the period		50,353	38,424
<b>Cash and cash equivalents at end of the period</b>		<b>30,350</b>	<b>22,735</b>



## Overseas Education Limited and Subsidiary Companies

### E. Notes to the condensed interim consolidated financial statements For the six-month financial period ended 30 June 2023

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#### 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 2023 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 main subsidiary company is operating a foreign system school.

#### 2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2023 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 2022.

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***

The Group has adopted all new and revised SFRS(I) that are effective for annual periods beginning on or after 1 January 2023 and adopted the amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 *Disclosure of Accounting Policies*.

The amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. Since the amendments to SFRS(I) Practice Statement 2 provide non-monetary guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

## Overseas Education Limited and Subsidiary Companies

### E. Notes to the condensed interim consolidated financial statements For the six-month financial period ended 30 June 2023

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#### 2. Basis of preparation (cont'd)

##### 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 2022.

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.

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 2023 was S\$153,542,000 (31 December 2022: S\$155,370,000).

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:

##### *Fair value of derivatives*

The Group enters into derivative financial instruments, namely interest rates swaps, with a financial institution to hedge its risks associated with changes in market interest rates arising from bank borrowings from the financial institution at floating interest rates. The fair value of interest rate swap contracts are determined using valuation techniques, which employ the use of market observable inputs. Where the quoted market prices are not available, the fair values are based on management's best estimate and are arrived at by reference to the market prices of another contract that is substantially similar.

The valuation of derivatives is disclosed in Note 20.

## **Overseas Education Limited and Subsidiary Companies**

### **E. Notes to the condensed interim consolidated financial statements For the six-month financial period ended 30 June 2023**

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#### **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 2023

5. Revenue

(a) *Disaggregation of revenue*

	Tuition fees		Registration fees		School shop, Enrichment programme, Interest income and Other income		Total revenue	
	30 Jun 2023 S\$'000	30 Jun 2022 S\$'000	30 Jun 2023 S\$'000	30 Jun 2022 S\$'000	30 Jun 2023 S\$'000	30 Jun 2022 S\$'000	30 Jun 2023 S\$'000	30 Jun 2022 S\$'000
<b>Timing of transfer of goods or services</b>								
At a point in time	–	–	–	–	641	477	641	477
Over time	42,247	36,418	563	502	138	20	42,948	36,940
	42,247	36,418	563	502	779	497	43,589	37,417

(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 2023

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#### 6. Profit before taxation

##### 6.1 Significant items

	30 Jun 2023 S\$'000	30 Jun 2022 S\$'000
Salaries and bonuses	20,120	19,343
Central Provident Fund contributions	1,005	970
Staff medical insurance	353	336
Other short term benefits	2,261	1,726
Property tax	719	616
Gain on disposal of property, plant and equipment	(9)	(1)
Impairment loss/(write-back of impairment loss) on trade receivables	106	(30)
Directors' fees	245	242
Teaching materials	232	187
Holiday programme expenses	70	12
Transport services	404	361
Fair value gain on derivatives	(160)	(1,749)
Finance costs include:		
Loan interest expense	2,076	1,456
Interest expense on lease liabilities	39	44
Other finance costs	55	48
	<hr/>	<hr/>
	2,170	1,548
	<hr/>	<hr/>

##### 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 2023

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#### 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 period ended 30 June are:

	<b>2023</b> S\$'000	<b>2022</b> S\$'000
<b>Statement of comprehensive income:</b>		
Current income tax:		
- Current period income taxation	1,825	1,192
	<hr/> 1,825	<hr/> 1,192
Deferred income tax (Note 16):		
- Origination and reversal of temporary differences	(362)	(420)
	<hr/> (362)	<hr/> (420)
Income tax expense recognised in the statement of comprehensive income	<hr/> 1,463	<hr/> 772
	<hr/> <hr/> 1,463	<hr/> <hr/> 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:

	<b>2023</b> '000	<b>2022</b> '000
Net profit for the period attributable to owners of the Company	S\$4,441	S\$2,839
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	1.1	0.7
	<hr/> <hr/> 1.1	<hr/> <hr/> 0.7

Overseas Education Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements  
For the six-month financial period ended 30 June 2023

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		
<b>Cost</b>								
At 1 January 2022	37,100	182,788	70,875	4,894	717	3,039	262,313	299,413
Additions	–	–	278	80	–	101	459	459
Disposals/write-off	–	–	(55)	(2)	–	(32)	(89)	(89)
At 31 December 2022 and 1 January 2023	37,100	182,788	71,098	4,972	717	3,108	262,683	299,783
Additions	–	–	61	2	325	73	461	461
Disposals/write-off	–	–	–	–	(262)	(11)	(273)	(273)
At 30 June 2023	37,100	182,788	71,159	4,974	780	3,170	262,871	299,971
<b>Accumulated depreciation</b>								
At 1 January 2022	10,512	23,762	26,379	3,765	291	2,701	56,898	67,410
Charge for the year	1,236	3,656	4,038	385	133	112	8,324	9,560
Disposals/write-off	–	–	(37)	(1)	–	(33)	(71)	(71)
At 31 December 2022 and 1 January 2023	11,748	27,418	30,380	4,149	424	2,780	65,151	76,899
Charge for the period	619	1,828	2,028	179	74	56	4,165	4,784
Disposals/write-off	–	–	–	–	(243)	(10)	(253)	(253)
At 30 June 2023	12,367	29,246	32,408	4,328	255	2,826	69,063	81,430
<b>Net carrying values</b>								
At 30 June 2023	24,733	153,542	38,751	646	525	344	193,808	218,541
At 31 December 2022	25,352	155,370	40,718	823	293	328	197,532	222,884

Depreciation expense in the condensed consolidated statement of comprehensive income comprises S\$4,784,000 (30 Jun 2022: S\$4,782,000) of depreciation of property, plant and equipment and S\$2,010,000 (30 Jun 2022: S\$1,953,000) 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 2023

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

<b>Company</b>	<b>Motor vehicles S\$'000</b>	<b>Computers S\$'000</b>	<b>Total S\$'000</b>
<b>Cost</b>			
At 1 January 2022, 31 December 2022, 1 January 2023	143	2	145
Additions	79	–	79
Disposals	(67)	–	(67)
At 30 June 2023	155	2	157
<b>Accumulated depreciation</b>			
At 1 January 2022	62	2	64
Charge for the year	25	–	25
At 31 December 2022 and 1 January 2023	87	2	89
Charge for the period	15	–	15
Disposals	(52)	–	(52)
At 30 June 2023	50	2	52
<b>Net carrying values</b>			
At 30 June 2023	105	–	105
At 31 December 2022	56	–	56

10. Derivatives

	<b>Group</b>			
	<b>30 Jun 2023</b>		<b>31 Dec 2022</b>	
	<b>Notional amount S\$'000</b>	<b>Asset S\$'000</b>	<b>Notional amount S\$'000</b>	<b>Asset S\$'000</b>
<b>Interest rate swaps</b>	55,417	2,929	57,250	2,769
- Current		301		180
- Non-current		2,628		2,589
<b>Statement of comprehensive income</b>				
Fair value gain on derivatives		160		2,769



## Overseas Education Limited and Subsidiary Companies

### E. Notes to the condensed interim consolidated financial statements For the six-month financial period ended 30 June 2023

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#### 10. Derivatives (cont'd)

In 2022, the Group entered into interest rate swaps with a financial institution with notional amount of S\$60,000,000 to partially hedge its exposure to interest rate risk on its variable rate borrowings from the same financial institution. The interest rate swaps entitle the Group to receive, on a quarterly basis, floating interest equal to prevailing SORA and pay a fixed rate of interest at rates ranging from 1.74% to 1.86% (2022: 1.74% to 1.86%) per annum. The interest rate swaps mature on 16 February 2027.

The carrying value of the derivatives approximates their fair values at 30 June 2023 based on the methods and assumptions used to estimate their fair values as set out in Note 20. The Group does not apply hedge accounting and records interest rate swaps at fair value with changes in value recorded in profit or loss.

#### 11. Trade receivables

	Group	
	30 Jun 2023	31 Dec 2022
	S\$'000	S\$'000
Trade receivables	2,538	714
Less: Allowance for expected credit losses	(176)	(77)
Total financial assets carried at amortised cost	<u>2,362</u>	<u>637</u>

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 2023	31 Dec 2022
	S\$'000	S\$'000
<u>Expected credit losses</u>		
Movements in allowance for impairment:		
At beginning of the period/year	77	202
Charge for the period/year	106	9
Write-off during the period/year	(7)	(134)
At end of the period/year	<u>176</u>	<u>77</u>

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 2022, the amount due from subsidiary of S\$4,000,000 pertained to financial year 2022 interim dividend declared by the subsidiary. The amount has been fully received during the year.

## Overseas Education Limited and Subsidiary Companies

### E. Notes to the condensed interim consolidated financial statements For the six-month financial period ended 30 June 2023

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#### 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 2023 S\$'000	31 Dec 2022 S\$'000	30 Jun 2023 S\$'000	31 Dec 2022 S\$'000
Cash at bank	30,684	47,687	3,622	608
Fixed deposit	–	3,000	–	3,000
Less: Other long term asset	(334)	(334)	–	–
Cash and cash equivalents	30,350	50,353	3,622	3,608

Included in cash at bank is an amount of S\$334,000 (31 Dec 2022: S\$334,000) placed with a bank 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. Fixed deposit at 31 December 2022 earned an interest of 3.3% per annum and matured in 3 months.

#### 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 estimated average student life in the school.

Information about fees received in advance is disclosed as follows:

	Group	
	30 Jun 2023 S\$'000	31 Dec 2022 S\$'000
Current – Tuition fee and registration fee	15,631	35,763
Non-current (1 to 3 years) – Registration fee	827	813
	16,458	36,576

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

Overseas Education Limited and Subsidiary Companies

E. Notes to the condensed interim consolidated financial statements  
For the six-month financial period ended 30 June 2023

15. Borrowings

	Group		Company	
	30 Jun 2023 S\$'000	31 Dec 2022 S\$'000	30 Jun 2023 S\$'000	31 Dec 2022 S\$'000
<b>Current liabilities:</b>				
Borrowings				
- Bank loan	6,160	6,160	–	–
- Interest payable	1,069	982	–	–
Less: Facility fee	(117)	(118)	–	–
	7,112	7,024	–	–
<b>Non-current liabilities:</b>				
Borrowings				
- Bank loan	86,950	90,030	–	–
Less: Facility fee	(560)	(618)	–	–
	86,390	89,412	–	–
Total borrowings	93,502	96,436	–	–
	<b>30 Jun 2023</b> S\$'000	<b>30 Jun 2022</b> S\$'000		
<b>Finance costs</b>				
Loan interest expense	2,076	1,456		

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 4.9% to 5.6% (31 Dec 2022: 2.1% to 4.9%) 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 2023

16. Deferred tax liabilities

	Condensed consolidated Balance sheet		Group Condensed consolidated statement of comprehensive income	
	30 Jun 2023 S\$'000	31 Dec 2022 S\$'000	30 Jun 2023 S\$'000	30 Jun 2022 S\$'000
<b><i>Deferred tax assets</i></b>				
Provisions, unabsorbed capital allowances, and unearned registration fees	(368)	(347)	(21)	(52)
<b><i>Deferred tax liabilities</i></b>				
Differences in depreciation and amortisation for tax purposes	6,465	6,806	(341)	(368)
Deferred tax liabilities (net)	6,097	6,459	(362)	(420)

17. Share capital

	Number of shares '000	Group and Company		Number of shares '000	31 Dec 2022 S\$'000
		30 Jun 2023 S\$'000			
At 1 January and closing balance	415,364	99,253	415,364	99,253	

The Company did not hold any treasury shares or outstanding convertibles as at 30 June 2023 and 31 December 2022. The Company's subsidiaries do not hold any shares in the Company as at 30 June 2023 and 31 December 2022.

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 2023

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#### 18. Other reserves

	Group	
	30 Jun 2023	31 Dec 2022
	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 2023	30 Jun 2022
	S\$'000	S\$'000
Paid during the financial period		
- Final exempt (one-tier) dividend for 2022: S\$0.011 (2021: S\$0.013) per share	4,569	5,400

#### 20. 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.

##### **A. Fair value hierarchy**

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

## Overseas Education Limited and Subsidiary Companies

### E. Notes to the condensed interim consolidated financial statements For the six-month financial period ended 30 June 2023

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#### 20. Fair value of financial instruments (cont'd)

##### *Fair values (cont'd)*

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

#### B. Assets measured at fair value

Group	Note	Significant observable inputs other than quoted prices (Level 2) S\$'000	Total S\$'000
<b>30 June 2023</b>			
<b>Financial asset:</b>			
Derivatives (Note 10)			
- Interest rate swaps	10	2,929	2,929
<b>31 Dec 2022</b>			
<b>Financial asset:</b>			
Derivatives (Note 10)			
- Interest rate swaps	10	2,769	2,769

##### Methods and assumptions used to determine fair values

Interest rate swaps are valued using valuation techniques which employ the use of market observable inputs. The most frequently applied valuation technique include swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and interest rate curves. The Group's interest rate swaps are valued based on valuation obtained from a reputable financial institution.

#### 21. 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

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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 2022, except for the adoption of the new and revised Singapore Financial Reporting Standards (International) (SFRS(I)) which became effective for the financial periods beginning on or after 1 January 2023.

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 2023 cents	As at 31 Dec 2022 cents	As at 30 Jun 2023 cents	As at 31 Dec 2022 cents
Net asset value per ordinary share based on issued share capital at the end of the period/year reported on	32.5	32.5	25.2	26.1

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## 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 \$43.59 million for the first half year ended 30 June 2023 (H1 2023) compared to \$37.42 million for the corresponding period ended 30 June 2022 (H1 2022). The increase in total revenue was due to the improvement in student enrolment after all border measures were fully lifted.

Details of revenue lines are as follows:

Revenue from tuition fees was higher at \$42.25 million in H1 2023 compared to \$36.42 million in H1 2022 due to the increase in student enrolment and the revision of tuition fees from 1 January 2023.

Revenue from registration fees was \$0.56 million in H1 2023 compared to \$0.50 million in H1 2022.

School shop revenue was \$0.17 million in H1 2023 compared to \$0.14 million in H1 2022 .

Enrichment programme revenue was \$0.47 million in H1 2023 compared to \$0.34 million in H1 2022.

Interest income increased to \$0.14 million in H1 2023 compared to \$0.02 million in H1 2022 due to higher prevailing interest rates.

Operating expenses before depreciation and amortisation was higher at \$30.87 million in H1 2023 compared to \$28.64 million in H1 2022.

Details of expenses are as follows:

Personnel expenses were \$23.74 million in H1 2023 compared to \$22.38 million in H1 2022. The higher personnel expenses in H1 2023 were mainly due to the recruitment of academic staff to support the increase in student enrolment.

School shop costs were \$0.11 million in H1 2023 compared to \$0.09 million in H1 2022.

Enrichment programme costs were \$0.31 million in H1 2023 compared to \$0.30 million in H1 2022.

Utilities expenses were lower at \$0.65 million in H1 2023 compared to \$0.92 million in H1 2022 due to the savings received from the solar renewable energy source recently installed that partially supports the electricity usage of the school campus.

Upkeep and maintenance expenses were \$0.79 million in H1 2023 compared to \$0.72 million in H1 2022.

Finance costs were higher at \$2.17 million in H1 2023 compared to \$1.55 million in H1 2022 due to the increase in current prevailing interest rates.



## **Overseas Education Limited and Subsidiary Companies**

### **F. Other information required by Listing Rule Appendix 7.2**

Other operating expenses were \$3.10 million in H1 2023 compared to \$2.69 million in H1 2022.

Depreciation and amortisation expenses were higher at \$6.97 million in H1 2023 compared to \$6.91 million in H1 2022 due to marginally higher depreciation of \$2.01 million on leased assets in H1 2023 as compared to \$1.95 million during the same corresponding period last year.

The fair value gain of \$0.16 million in H1 2023 and the gain of \$1.75 million in H1 2022 both arose from fair value changes of the interest-rate-swap contracts that the Group entered to hedge against rising interest rates on bank borrowings. More information is provided in Note 10 of the Condensed Interim Consolidated Financial Statements.

Profit before taxation ended higher at \$5.90 million in H1 2023 compared to \$3.61 million in H1 2022.

Income tax expense was \$1.46 million in H1 2023 compared to \$0.77 million in H1 2022. The H1 2023 income tax expense comprised the provision for current tax of \$1.83 million and reversal of net deferred tax of \$0.36 million. The income tax expense in H1 2022 comprised the current tax of \$1.19 million and reversal of net deferred tax of \$0.42 million.

Net profit after taxation ended higher at \$4.44 million in H1 2023 compared to \$2.84 million in H1 2022, an improvement of 56.4%.

#### **Review of Balance Sheet as at 30 June 2023**

Total property, plant and equipment and right-of-use assets at 30 June 2023 amounted to \$221.56 million compared to \$226.65 million at 31 December 2022. The decrease of \$5.09 million was due mainly to the depreciation charge for the reporting period, offset by the additional right-of-use assets of \$1.31 million during the reporting period.

Derivatives (current and non-current) at 30 June 2023 of \$2.93 million and \$2.77 million at 31 December 2022 represent the fair values of the interest-rate-swap contracts entered into by the Group to hedge against rising interest rates on bank borrowings. Please refer to Note 10 of the Condensed Interim Consolidated Financial Statements for further details.

Inventories for school uniforms, books and stationery supplies for sale at the school shop of \$0.47 million at 30 June 2023 was comparable to 31 December 2022.

Trade receivables comprised amounts attributable to tuition fees, registration fees, school shop revenue and other revenue. Trade receivables at 30 June 2023 were higher at \$2.36 million compared to \$0.64 million at 31 December 2022 due mainly to the timing of collection of the receivables.

Other receivables and deposits of \$0.52 million at 30 June 2023 was comparable to 31 December 2022.

Prepayments were \$1.13 million at 30 June 2023 compared to \$1.10 million at 31 December 2022.

The Group's cash and cash equivalents amounted to \$30.35 million at 30 June 2023 and \$50.35 million at 31 December 2022. The decrease was due to cash used in operating, investing and financing activities as explained in the Review of Group cash flow section below.

Trade and other payables and liabilities were higher at \$1.39 million at 30 June 2023 compared to \$1.20 million at 31 December 2022 due mainly to timing of payments of operating expenses.

## 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 \$16.46 million at 30 June 2023 and \$36.58 million at 31 December 2022. Total fees received in advance at 30 June 2023 and 31 December 2022 comprised tuition fees collected before the commencement of the next semester in August and January 2023 respectively, and registration fees collected upon enrolment. As at 30 June 2023, the tuition fees for the new semester commencing in August 2023 were not due yet.

Lease liabilities (current and non-current) were \$3.00 million at 30 June 2023 compared to \$3.79 million at 31 December 2022. The variation in the lease liabilities was due to the expiration and renewal for teachers' apartments.

Borrowings - Bank Loan (current and non-current) was reduced to \$93.50 million at 30 June 2023 compared to \$96.44 million at 31 December 2022 due to the payments of quarterly instalments in January and April 2023. More information on the bank loan facility is disclosed in Note 15 of the Condensed Interim Consolidated Financial Statements.

Goods and Services Tax payable of \$3.10 million and \$2.73 million at 30 June 2023 and 31 December 2022 respectively arose mainly from the billing of next semester's tuition fees.

Deferred tax liabilities amounted to \$6.10 million at 30 June 2023 compared to \$6.46 million at 31 December 2022. 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 2023

The net cash used in operating activities in H1 2023 was \$7.60 million, which consisted of cash inflow from operating activities before working capital changes of \$14.74 million, net working capital outflow of \$21.25 million and interest received of \$0.14 million, income tax paid of \$1.19 million and lease interest paid of \$0.04 million.

The above-mentioned net working capital outflow of \$21.25 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 \$19.60 million. There were also the cash outflows from the increase in trade receivables of \$1.73 million.

The net cash used in investing activities of \$0.65 million was for the capital expenditure in the normal course of business.

The net cash used in financing activities of \$11.75 million comprised lease payments of \$2.04 million, payment of bank loan interest of \$2.06 million, bank loan repayment of \$3.08 million, and dividends payment of \$4.57 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.

Barring the risks of a global recession, geopolitical tensions or a further wave of pandemic, Singapore expects the inflow of expatriate families relocating to Singapore will continue to recover. The Group is cautiously optimistic that the student enrolment will also increase in tandem with the inflow of expatriate families entering and living in Singapore.

However, the Group expects the foreign system schools' landscape and the operating environment to remain competitive and challenging amid new entrants, rising costs and a high inflationary environment.

10. Dividend

(a) Current financial period reported on

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

The Company pays a final dividend as recommended by the Board and approved by the shareholders at the Annual General Meeting

(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 2023 to be false or misleading in any material aspect.

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.

## **Overseas Education Limited and Subsidiary Companies**

### **F. Other information required by Listing Rule Appendix 7.2**

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 2023.

BY ORDER OF THE BOARD

Tan Swee Gek  
Company Secretary

11 August 2023