



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

UNAUDITED HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

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

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

The contact person for the Sponsor is Mr Lance Tan, Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		
	Unaudited HY2016 (\$'000)	Unaudited HY2015 (\$'000)	% Change Increase/ (Decrease)
Revenue and other income			
Course and examination fees	3,269	4,540	(28.0%)
Other income	330	742	(55.5%)
	<u>3,599</u>	<u>5,282</u>	<u>(31.9%)</u>
Less: Operating expenses			
Course materials and subscriptions	(256)	(423)	(39.5%)
Staff costs	(2,496)	(3,552)	(29.7%)
Property, plant and equipment related expenses	(382)	(888)	(57.0%)
Advertising and promotion	(193)	(327)	(41.0%)
Operating lease expenses	(1,296)	(1,704)	(23.9%)
Other operating expenses	(763)	(857)	(11.0%)
	<u>(1,787)</u>	<u>(2,469)</u>	<u>(27.6%)</u>
Finance costs	(90)	(46)	95.7%
Loss before income tax	<u>(1,877)</u>	<u>(2,515)</u>	<u>(25.4%)</u>
Income tax expenses	-	-	-
Loss for the period	<u>(1,877)</u>	<u>(2,515)</u>	<u>(25.4%)</u>
<u>(Loss)/profit attributable to:</u>			
Equity holders of the Company	(1,875)	(2,549)	(26.4%)
Non-controlling interest	(2)	34	NM
	<u>(1,877)</u>	<u>(2,515)</u>	<u>(25.4%)</u>

*NM – not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)

	Group	
	Unaudited HY2016 (\$'000)	Unaudited HY2015 (\$'000)
Loss for the period	(1,877)	(2,515)
Other comprehensive income		
Foreign currency translation differences for foreign operations	12	(199)
Other comprehensive loss for the period, net of income tax	12	(199)
Total comprehensive loss for the period	(1,865)	(2,714)
Total comprehensive income attributable to :		
Equity holders of the Company	(1,863)	(2,702)
Non-controlling interest	(2)	(12)
Total comprehensive loss for the period	(1,865)	(2,714)

(Loss)/profit before income tax of the Group is arrived at after (charging)/crediting the following:

	Group		
	Unaudited HY2016 (\$'000)	Unaudited HY2015 (\$'000)	% Change Increase/ (Decrease)
Interest income	-	2	NM
Interest on borrowings	(90)	(46)	95.7%
Depreciation of property, plant and equipment	(69)	(323)	(78.6%)
Amortisation of intangible assets	-	(27)	NM
Foreign exchange (loss)/gain, net	(75)	214	NM

*NM – not meaningful

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.

	Group		Company	
	Unaudited 31/12/2015 (\$'000)	Audited 30/06/2015 (\$'000)	Unaudited 31/12/2015 (\$'000)	Audited 30/06/2015 (\$'000)
Non-current assets				
Property, plant and equipment	591	461	585	454
Investment properties	24,170	24,170	24,170	24,170
Subsidiaries	-	-	2,000	2,000
Intangible assets				
- Development expenditure	-	-	-	-
	24,761	24,631	26,755	26,624
Current assets				
Trade receivables	46	102	46	101
Other receivables, deposits and prepayments	367	463	335	432
Cash and bank balances	918	1,401	400	151
	1,331	1,966	781	684
Total assets	26,092	26,597	27,536	27,308
Equity attributable to the equity holders of the Company				
Share capital	11,477	11,477	11,477	11,477
Reserves	(957)	906	(3,990)	(2,154)
	10,520	12,383	7,487	9,323
Non-controlling interest	(348)	(346)	-	-
Total equity	10,172	12,037	7,487	9,323
Non-current liabilities				
Bank borrowings	2,790	3,745	2,790	3,745
	2,790	3,745	2,790	3,745
Current liabilities				
Trade payables	585	1,750	579	1,712
Other payables	4,092	5,076	1,872	2,151
Due to subsidiaries	-	-	6,355	6,388
Shareholders' loan	4,500	2,000	4,500	2,000
Bank borrowings	1,953	1,989	1,953	1,989
Loan from third parties	2,000	-	2,000	-
	13,130	10,815	17,259	14,240
Total liabilities	15,920	14,560	20,049	17,985
Total equity and liabilities	26,092	26,597	27,536	27,308

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

Amount repayable in one year or less, or on demand

31/12/2015		30/06/2015	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
1,953	6,500	1,989	2,000

Amount repayable after one year

31/12/2015		30/06/2015	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
2,790	-	3,745	-

Details of any collateral:

The borrowings of the Group are secured by legal mortgages over certain properties held by the Company.

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

	Group	
	Unaudited HY2016 (\$'000)	Unaudited HY2015 (\$'000)
Operating activities		
Loss before tax	(1,877)	(2,515)
Adjustments for:		
Depreciation of property, plant and equipment	69	323
Amortisation of intangible assets	-	27
Gain on disposal of property, plant & equipment	(1)	-
Interest expenses	90	46
Interest income	-	(2)
Operating loss before working capital changes	(1,719)	(2,121)
Changes in working capital:		
Trade receivables	57	(8)
Other receivables, deposits and prepayments	96	4
Trade payables	(1,165)	85
Other payables	(983)	(258)
Cash used in operations	(3,714)	(2,298)
Income tax refund	-	-
Net cash used in operating activities	(3,714)	(2,298)
Investing activities		
Interest received	-	2
Purchase of property, plant and equipment	(210)	(9)
Proceeds from disposal of property, plant and equipment	11	-
Development expenditure incurred	-	(28)
Net cash used in investing activities	(199)	(35)
Financing activities		
Net (repayment)/proceeds from short-term bank borrowings	(36)	568
Net (repayment)/proceeds from long-term bank borrowings	(955)	1,041
Net proceeds from shareholders' loan	2,500	-
Net proceeds from loan from third parties	2,000	-
Interest paid	(90)	(46)
Net cash generated from financing activities	3,419	1,563
Net decrease in cash and cash equivalents	(494)	(770)
Cash and cash equivalents at the beginning of period	1,401	2,599
Effects of exchange rate fluctuations	11	(200)
Cash and cash equivalents at end of period⁽¹⁾	918	1,629

Note:-

	Unaudited HY2016 (\$'000)	Unaudited HY2015 (\$'000)
(1)		
Cash and bank balances	918	1,629

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.

	Ordinary shares \$'000	Translation reserves \$'000	Revenue reserves \$'000	Share option reserves \$'000	Total attributable to equity holders of the Company \$'000	Non- controlling interest \$'000	Total equity \$'000
Group (unaudited)							
Balance at 1 July 2014	11,477	199	5,647	498	17,821	(283)	17,538
Total comprehensive loss for the period							
Loss for the period	-	-	(2,549)	-	(2,549)	34	(2,515)
Foreign currency translation differences	-	(153)	-	-	(153)	(46)	(199)
Total comprehensive loss for the period	-	(153)	(2,549)	-	(2,702)	(12)	(2,714)
Balance at 31 December 2014	11,477	46	3,098	498	15,119	(295)	14,824
Balance at 1 July 2015	11,477	60	348	498	12,383	(346)	12,037
Total comprehensive loss for the period							
Loss for the period	-	-	(1,875)	-	(1,875)	(2)	(1,877)
Foreign currency translation differences	-	12	-	-	12	-	12
Total comprehensive loss for the period	-	12	(1,875)	-	(1,863)	(2)	(1,865)
Balance at 31 December 2015	11,477	72	(1,527)	498	10,520	(348)	10,172

Note: No shares were issued under the TMC Share Option Scheme in HY2016 (HY2015: Nil).

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.

	Ordinary shares \$'000	Translation reserves \$'000	Revenue reserves \$'000	Share option reserves \$'000	Total attributable to equity holders of the Company \$'000	Non-controlling interest \$'000	Total equity \$'000
Company (unaudited)							
Balance at 1 July 2014	11,477	-	2,917	498	14,892	-	14,892
Total comprehensive loss for the period:							
Loss for the period	-	-	(2,617)	-	(2,617)	-	(2,617)
Balance at 31 December 2014	11,477	-	300	498	12,275	-	12,275
Balance at 1 July 2015	11,477	-	(2,652)	498	9,323	-	9,323
Total comprehensive loss for the period:							
Loss for the period	-	-	(1,836)	-	(1,836)	-	(1,836)
Balance at 31 December 2015	11,477	-	(4,488)	498	7,487	-	7,487

Note: No shares were issued under the TMC Share Option Scheme in HY2016 (HY2015: Nil).

1(d)(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 2015, the number of issued and paid-up share capital of the Company was 167,397,677 (as at 31 December 2014: 167,396,419).

Issued and paid-up share capital	Number of ordinary shares	Share Capital \$
As at 1 July 2015	167,397,677	11,477,196
Share issued during the period	-	-
As at 31 December 2015	167,397,677	11,477,196

As at 31 December 2015, the number of outstanding and unexercised options granted under the TMC Share Options Scheme was 509,675 (as at 31 December 2014: 742,122).

Save for the aforementioned TMC Share Options Scheme, the Company did not have any other outstanding convertibles as at 31 December 2015 and 31 December 2014.

The Company did not hold any treasury shares as at 31 December 2015 and 31 December 2014.

1(d)(iii) To show 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.

The total number of issued shares (excluding treasury shares) as at 31 December 2015 was 167,397,677 (as at 30 June 2015: 167,397,677).

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

Not applicable. The Company did not have any treasury shares as at 31 December 2015. There were no sales, transfer, disposal, cancellation and/or use of treasury shares for the financial period ended 31 December 2015.

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 auditors.

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

Except as disclosed in paragraph 5 below, the Group and the Company have consistently applied the same accounting policies and methods of computation as in the most recently audited financial statements for the financial year ended 30 June 2015.

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 Group and the Company adopted the new/revised FRS and INT FRS that are effective for annual periods beginning on or after 1 July 2015. Changes to the Group's and the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRS which are relevant to the Group and the Company:

Revised FRS 27	Separate Financial Statements
FRS 110	Consolidated Financial Statements
FRS 112	Disclosure of Interests in Other Entities
Amendments to FRS 110, FRS 112 and FRS 27	Investment Entities
Amendments to FRS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 36	Recoverable Amount Disclosures to Non-Financial Assets

The adoption of these new/revised FRS and INT FRS did not result in substantial changes to the Group's accounting policies and did not have any significant impact on the financial statements for the current or prior reporting periods.

6. **Earnings/(loss) 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.**

	Unaudited HY2016	Unaudited HY2015
Loss per ordinary share of the Group for the financial period based on net loss attributable to equity holders of the Company:-		
- on weighted average number of ordinary shares in issue (cents)	(1.12)	(1.52)
- on fully diluted basis (cents)	(1.12)	(1.52)
Weighted average number of shares in issue during the period	167,397,677	167,396,419

Diluted loss per share is the same as the basic loss per share as the potential ordinary shares to be converted are anti-dilutive.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group	Company
The total number of issued shares at the end of the:		
(a) current financial period reported as at 31 December 2015	167,397,677	167,397,677
(b) immediately preceding financial year as at 30 June 2015	167,397,677	167,397,677
Net asset value per issued ordinary share (cents):		
(a) as at 31 December 2015 (Unaudited)	6.28	4.47
(b) as at 30 June 2015 (Audited)	7.40	5.57

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) 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; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

8.1 Income statement review

Review for the performance of the Group for the six months ended 31 December 2015 ("HY2016") as compared to the six months ended 31 December 2014 ("HY2015").

8.1.1 Revenue and other income

The Group's revenue and other income decreased by \$1.7 million was due mainly to the lower course and exam fee income as a result of the decrease in student population during this period.

8.1.2 Operating expenses

Operating expenses decreased by \$2.36 million to \$5.39 million (HY2015: \$7.75 million) was due mainly to the cost cutting measures adopted during HY2016.

Course material and subscription expenses decreased by \$167,000 were due mainly to the lower student enrolment during HY2016. There was no amortisation of intangible assets as a result of the full impairment for course material in the financial year ended 30 June 2015 ("FY2015").

Staff costs reduced by \$1.1 million were due mainly to the lower number of staff employed as a result of the streamlining process carried out.

Property, plant and equipment related expenses decreased by \$506,000 due mainly to the lower depreciation of \$69,000 incurred in HY2016 (HY2015: \$323,000) as the value of the property, plant and equipment declined subsequent to the impairment of property, plant and equipment in FY2015, resulting in lower depreciation for subsequent periods. There was also no reinstatement expense in HY2016 (HY2015: \$183,000) subsequent to the expiry of the tenancy at the former Bishan campus in October 2015.

Advertising and promotion expenses lowered by \$134,000 were due mainly to the decrease in the advertisement expenses in HY2016 as the Group relied on more direct marketing approach during HY2016.

Lower operating lease expenses decreased by \$408,000 was due mainly to the savings in lease expenses subsequent to the expiry of the tenancy at the former Bishan campus in October 2015, and had consolidated its Singapore operations from 2 campuses to 1 campus since then.

Other operating expenses reduced by \$94,000 were due mainly to the lower utility expenses as a result of the consolidation of campuses and lower legal expenses required to be incurred.

8.1.3 Finance costs

Finance costs increased by \$44,000 due mainly to the higher amount of loans utilised during this period.

8.1.4 Income tax expense

No income tax expenses were incurred in HY2016 (HY2015: Nil) as the Group had no taxable income.

As a result of the above, the Group incurred a loss attributable to equity holders of the Company of \$1.88 million in HY2016 (HY2015: \$2.55 million), resulting in a loss per share of 1.12 cents (HY2015: 1.52 cents).

8.2 Balance Sheet Review

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 31 December 2015 and 30 June 2015.

8.2.1 Total Equity

The Group's shareholders' equity as at 31 December 2015 amounted to \$10.17 million (30 June 2015: \$12.04 million). The reduction in the shareholders' equity in HY2016 was due mainly to the attributable loss of \$1.88 million incurred during this period.

8.2.2 Non-Current Assets

The non-current assets as at 31 December 2015 amounted to \$24.76 million (30 June 2015: \$24.63 million).

The increase in property, plant and equipment by \$130,000 was mainly due to the investment of \$210,000 in renovating its city campus at Middle Road in order to facilitate the consolidation of the operations from 2 campuses to 1 campus. The increase was offset by the depreciation for fixed assets amounted to \$69,000 and disposal of unwanted assets with a net asset value of \$10,000 as part of the consolidation.

8.2.3 Current Assets

The current assets as at 31 December 2015 amounted to \$1.33 million (30 June 2015: \$1.97 million). The decrease in trade receivables by \$56,000 was due mainly to higher collection from trade debtors. The decrease in other receivables, deposits and prepayments by \$96,000 was due mainly to the reclassifications of deposits and prepayments to other accounts on completion of some of the projects.

8.2.4 Current Liabilities

The current liabilities of \$13.13 million as at 31 December 2015 were higher than that of 30 June 2015 (\$10.82 million). This was due mainly to higher loan from shareholders and additional loan from third parties procured by the Company in HY2016. The increase was offset by a decrease in trade and other payables by \$2.1 million, due mainly to higher payment made to trade and other payables during this period.

The negative working capital of \$11.80 million as at 31 December 2015 (30 June 2015: \$8.85 million) was due mainly to shareholders' loan (\$4.5 million) and loan from third parties (\$2 million) as well as non-refundable course fees received in advance from students of \$1.71 million as at 31 December 2015, which will be recognised as revenue after 31 December 2015. Please refer to para 10 for a discussion on the Group's plans to address the negative working capital position of the Group.

8.2.5 Non-Current Liabilities

The non-current liabilities of \$2.79 million as at 31 December 2015 (30 June 2015: \$3.75 million) were in relation to the long term bank loan obtained to finance the deficit in the operating cash flow position during this period. The decrease in long-term bank borrowings was due to the repayment of borrowings to the bank.

8.3 Cash Flow Review

Review for the performance of the Group for HY2016 as compared to HY2015.

Cash and bank balances as at 31 December 2015 amounted to \$918,000 (31 December 2014: \$1.63 million), a decrease of \$483,000 from June 2015 (\$1.40 million).

Operating cash flow position in HY2016 was a negative sum of \$3.71 million (HY2015: \$2.30 million). This was due mainly to the repayment of trade and other payables in HY2016.

The Group utilised net cash of \$199,000 in HY2016 (HY2015: \$35,000) for investing activities due mainly to the renovation of its city campus amounting to \$210,000 and this was partially offset by the proceeds from the disposal of its unwanted assets amounting to \$11,000.

The Group recorded net cash from financing activities of \$3.42 million in HY2016 (HY2015: \$1.56 million) due mainly to the net proceeds from shareholders' and third parties' loan.

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

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

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 private education industry in Singapore is expected to be challenging in the next 12 months. Part of the challenges is identifying the trend of the private education industry, which is hugely affected by government policies. At this point in time, the trend of private education industry is relatively unclear with recent changes in government policies relating to education.

Notwithstanding the challenges, the Board and management are looking into various initiatives to increase our competitiveness and financial position. This includes the following:

- (a) Reviewing our programmes and making them more industry ready to meet the needs of the industry;
- (b) Leveraging on the government grants made available for our programmes in Singapore and marketing these programmes to local students;
- (c) Evaluating our business strategies to align with government initiatives and programmes such as Skillsfuture and other programmes;
- (d) Continuing to adopt cost cutting measures to make our operations efficient; and
- (e) Streamlining our processes with the view to making our business competitive.

To strengthen our cash flow position, the Group has been actively looking to realise some of our investment properties, which is valued at \$24.17 million as at 31 December 2015, taking into account among other considerations, prevailing market conditions, our Group's cash flows and funding needs, with the best interests of our Group and shareholders in mind.

As at the date of this announcement, the Company is in the midst of disposing its investment properties with a net asset value of \$5.62 million for net proceeds of \$4.41 million. This

disposal transaction, which is expected to complete in March 2016, will improve our cash flow position. For further details, please refer to the Company's announcements dated 10 December 2015 and 7 January 2016.

The Group is also exploring various equity and/or debt fund raising options to strengthen its financial position and/or to make acquisitions of new business or assets which could be injected into the Group to improve its financial performance. The Board of Directors wish to stress that this is currently in an exploratory stage and updates will be provided to shareholders as and when there are material developments.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No dividend was declared for HY2016.

(b) (i) Amount per share (cents)

Not applicable.

(b) (ii) Previous corresponding period (cents)

Not applicable. No dividend was declared for HY2015.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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

No dividend has been declared or recommended for HY2016.

13. If the Group has obtained a general mandate from shareholders for IPTs, 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.

Other than the shareholders' loan, which was interest free and unsecured, there were no interested person transactions more than \$100,000 in the period under review. The Group has not obtained a general mandate from shareholders in respect of any interested person transactions.



14. Confirmation pursuant to Rule 705(5) of the Catalist Rules

We, Dr. Chin Kon Yuen and Ms Yeow Cheng Khim, directors of the Company, hereby confirm on behalf of the Board that, to the best of our knowledge, nothing has come to the attention of the board of directors which may render the unaudited financial statements for the six months ended 31 December 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr Chin Kon Yuen
Chairman

Ms Yeow Cheng Khim
Chief Executive Officer

12 February 2016