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

UNAUDITED FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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 ("SGX-ST") Listing Manual Section B: Rules of Catalist. 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 Thomas Lam, Associate 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 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 ("FY2016")

	The Group		
	Unaudited FY2016 S$'000	Audited FY2015 S$'000	% Change Increase/ (Decrease)
Continuing operations			
Revenue	5,863	7,695	-23.8%
Other income	583	1,209	-51.8%
Fair value (loss)/gain on investment properties	(1,300)	1,090	N.M.
Operating expenses:			
Course materials and subscriptions	(451)	(1,191)	-62.1%
Staff costs	(4,336)	(5,933)	-26.9%
Plant and equipment, investment properties and related expenses	(440)	(2,008)	-78.1%
Advertising and promotion	(323)	(424)	-23.8%
Operating lease expenses	(1,935)	(3,268)	-40.8%
Other expenses	(1,446)	(1,537)	-5.9%
Impairment loss on plant and equipment	(370)	(823)	-55.0%
Loss on disposal of investment properties	(1,212)	-	100.0%
	(10,513)	(15,184)	-30.8%
Finance costs	(513)	(118)	N.M.
Loss before taxation from continuing operations	**(5,880)**	**(5,308)**	10.8%
Taxation	-	-	N.M.
Loss after taxation from continuing operations	**(5,880)**	**(5,308)**	10.8%
Discontinued operations			
Loss from discontinued operations, net of tax	**-**	**(44)**	-100.0%
Loss for the year	**(5,880)**	**(5,352)**	9.9%
Other comprehensive income/(expense)			
Currency translation differences - foreign operations, at nil tax	135	(149)	N.M.
Total comprehensive loss for the year	**(5,745)**	**(5,501)**	4.4%

N.M. – not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 ("FY2016")

	The Group		
	Unaudited FY2016 S$'000	Audited FY2015 S$'000	% Change Increase/ (Decrease)
Loss for the year attributable to :			
Owners of the Company			
- Loss from continuing operations, net of tax	(5,874)	(5,328)	10.2%
- Profit from discontinued operations, net of tax	-	29	-100.0%
	(5,874)	**(5,299)**	10.9%
Non-controlling interests			
- (Loss)/Profit from continuing operations, net of tax	(6)	21	N.M.
- Loss from discontinued operations, net of tax	-	(74)	-100.0%
	(6)	**(53)**	-88.7%
	(5,880)	**(5,352)**	9.9%
Total comprehensive loss for the year attributable to :			
Owners of the Company			
- Loss from continuing operations, net of tax	(5,739)	(5,463)	5.1%
- Profit from discontinued operations, net of tax	-	25	-100.0%
	(5,739)	**(5,438)**	5.5%
Non-controlling interests			
- (Loss)/Profit from continuing operations, net of tax	(6)	21	N.M.
- Loss from discontinued operations, net of tax	-	(84)	-100.0%
	(6)	**(63)**	-90.5%
	(5,745)	**(5,501)**	4.4%

**N.M. – not meaningful*

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

	The Group		
	Unaudited FY2016 S$'000	Audited FY2015 S$'000	% Change Increase/ (Decrease)
Amortisation of intangible assets	1	56	-98.2%
Impairment loss on intangible assets	-	158	-100.0%
Intangible assets written off	-	2	-100.0%
Depreciation of plant and equipment	143	762	-81.2%
Impairment loss on plant and equipment	370	823	-55.0%
Loss on disposal of plant and equipment	1	-	100.0%
Plant and equipment written off	11	-	100.0%
Fair value loss/(gain) on investment properties	1,300	(1,090)	N.M.
Loss on disposal of investment properties	1,212	-	100.0%
Gain on sales of subsidiaries from discontinued operations	-	(106)	-100.0%
Provision for restoration costs	(200)	550	N.M.
Interest expenses	513	118	N.M.
Interest income	-	(1)	-100.0%

**N.M. – 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.

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	The Group		The Company	
	Unaudited 30/06/2016 S$'000	Audited 30/06/2015 S$'000	Unaudited 30/06/2016 S$'000	Audited 30/06/2015 S$'000
ASSETS				
Non-current assets				
Plant and equipment	174	461	167	454
Investment properties	17,250	24,170	17,250	24,170
Intangible assets	-	-	-	-
Subsidiaries	-	-	2,000	2,000
	17,424	**24,631**	**19,417**	**26,624**
Current assets				
Trade and other receivables	253	565	250	534
Cash and cash equivalents	1,492	1,401	212	150
	1,745	**1,966**	**462**	**684**
Total assets	**19,169**	**26,597**	**19,879**	**27,308**
EQUITY				
Share capital	11,477	11,477	11,477	11,477
Reserves	(3,641)	906	(6,907)	(2,154)
Equity attributable to owners of the company	**7,836**	**12,383**	**4,570**	**9,323**
Non-controlling interests	(352)	(346)	-	-
Total equity	**7,484**	**12,037**	**4,570**	**9,323**
LIABILITIES				
Non-current liabilities				
Borrowings	6,753	3,745	6,753	3,745
	6,753	**3,745**	**6,753**	**3,745**
Current liabilities				
Trade and other payables	3,514	6,276	7,138	9,701
Provisions	150	550	150	550
Borrowings	1,268	3,989	1,268	3,989
	4,932	**10,815**	**8,556**	**14,240**
Total liabilities	**11,685**	**14,560**	**15,309**	**17,985**
Total equity and liabilities	**19,169**	**26,597**	**19,879**	**27,308**

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

Amount repayable in one year or less, or on demand

30/06/2016		30/06/2015	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
1,268	-	1,989	2,000

Amount repayable after one year

30/06/2016		30/06/2015	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
3,148	3,605	3,745	-

Details of any collateral:

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

The unsecured borrowings as at 30 June 2016 and 30 June 2015 are borrowings from shareholders, who are also the Executive Directors of the Company, and are interest free.

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.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR END 30 JUNE 2016

	The Group	
	Unaudited FY2016 S$'000	Audited FY2015 S$'000
Cash Flows from Operating activities		
Loss before taxation from continuing operations	(5,880)	(5,308)
Loss before taxation from discontinued operations	-	(44)
Consolidated loss before taxation	**(5,880)**	**(5,352)**
Adjustments for:		
Amortisation of intangible assets	1	56
Impairment loss on intangible assets	-	158
Depreciation of plant and equipment	143	762
Impairment loss on plant and equipment	370	823
Fair value loss/(gain) on investment properties	1,300	(1,090)
Gain on sales of subsidiaries from discontinued operations	-	(106)
Intangible assets written off	-	2
Provision for restoration costs	(200)	550
Interest expenses	513	118
Interest income	-	(1)
Loss on disposal of plant and equipment	1	-
Plant and equipment written off	11	-
Loss on disposal of investment properties	1,212	-
Operating loss before working capital changes	**(2,529)**	**(4,080)**
Changes in operating receivables	313	(12)
Changes in operating payables	(2,962)	(646)
Cash used in operations	**(5,178)**	**(4,738)**
Income tax paid	-	-
Net cash used in operating activities	**(5,178)**	**(4,738)**
Cash Flow from Investing Activities		
Net proceeds from sales of subsidiaries from discontinued operations	-	33
Interest received	-	1
Proceeds from disposal of plant and equipment	12	-
Proceeds from disposal of investment properties	4,408	-
Acquisition of intangible assets	(1)	(39)
Acquisition of plant and equipment	(251)	(9)
Net cash generated from/(used in) investing activities	**4,168**	**(14)**
Cash Flows from Financing Activities		
Decrease in fixed deposit pledged	-	291
Interest paid	(216)	(118)
Proceeds from loans from shareholders	2,500	2,000
Proceeds from loan from a third party	2,000	-
Proceeds from bank borrowings	-	2,900
Repayments of bank borrowings	(3,318)	(1,657)
Net cash generated from financing activities	**966**	**3,416**
Net cash generated from discontinued operations	**-**	**195**
Net decrease in cash and cash equivalents	**(44)**	**(1,141)**
Cash and cash equivalents at beginning of the year	**1,401**	**2,599**
Effects of exchange rate changes on cash and cash equivalents	**135**	**(57)**
Cash and cash equivalents at end of the year	**1,492**	**1,401**

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.

	Equity attributable to owners of the Company						
Unaudited The Group	**Share capital $'000**	**Exchange fluctuation reserve $'000**	**Share option reserve $'000**	**Retained earnings $'000**	**Total $'000**	**Non controlling interests $'000**	**Total equity $'000**
At 1 July 2015	**11,477**	**60**	**498**	**348**	**12,383**	**(346)**	**12,037**
Loss for the year	-	-	-	(5,874)	**(5,874)**	(6)	**(5,880)**
Fair value on interest-free loan from shareholders	-	-	-	1,192	**1,192**	-	**1,192**
Other comprehensive expense - Foreign currency translation differences	-	135	-	-	**135**	-	**135**
Total comprehensive loss for the year	**-**	**135**	**-**	**(4,682)**	**(4,547)**	**(6)**	**(4,553)**
At 30 June 2016	**11,477**	**195**	**498**	**(4,334)**	**7,836**	**(352)**	**7,484**

	Equity attributable to owners of the Company						
Audited The Group	**Share capital $'000**	**Exchange fluctuation reserve $'000**	**Share option reserve $'000**	**Retained earnings $'000**	**Total $'000**	**Non controlling interests $'000**	**Total equity $'000**
At 1 July 2014	**11,477**	**199**	**498**	**5,647**	**17,821**	**(283)**	**17,538**
Loss for the year	-	-	-	(5,299)	**(5,299)**	(53)	**(5,352)**
Other comprehensive expense - Foreign currency translation differences	-	(139)	-	-	**(139)**	(10)	**(149)**
Total comprehensive loss for the year	**-**	**(139)**	**-**	**(5,299)**	**(5,438)**	**(63)**	**(5,501)**
Issue of ordinary shares (Note 1)**	-	-	-	-	-	-	**-**
Transactions with owners, recognised directly in equity	-**	-	-	-	-**	-	**-****
At 30 June 2015	**11,477**	**60**	**498**	**348**	**12,383**	**(346)**	**12,037**

** *Amount less than $1,000.*

Note 1

In FY2015, 1,258 new ordinary shares were issued upon the exercise of 1,258 share options granted under the TMC Share Option Scheme at the exercise price of $0.0612 per share. No new ordinary share is issued during FY2016.

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.

	Equity attributable to owners of the Company						
Unaudited **The Company**	**Share capital $'000**	**Exchange fluctuation reserve $'000**	**Share option reserve $'000**	**Retained earnings $'000**	**Total $'000**	**Non controlling interests $'000**	**Total equity $'000**
At 1 July 2015	**11,477**	**-**	**498**	**(2,652)**	**9,323**	**-**	**9,323**
Loss for the year	-	-	-	(5,945)	**(5,945)**	-	**(5,945)**
Fair value on interest-free loan from shareholders	-	-	-	1,192	**1,192**	-	**1,192**
Other comprehensive expense							
- Foreign currency translation differences	-	-	-	-	-	-	**-**
Total comprehensive loss for the year	**-**	**-**	**-**	**(4,753)**	**(4,753)**	**-**	**(4,753)**
At 30 June 2016	**11,477**	**-**	**498**	**(7,405)**	**4,570**	**-**	**4,570**

	Equity attributable to owners of the Company						
Audited **The Company**	**Share capital $'000**	**Exchange fluctuation reserve $'000**	**Share option reserve $'000**	**Retained earnings $'000**	**Total $'000**	**Non controlling interests $'000**	**Total equity $'000**
At 1 July 2014	**11,477**	**-**	**498**	**2,917**	**14,892**	**-**	**14,892**
Loss for the year	-	-	-	(5,569)	**(5,569)**	-	**(5,569)**
Other comprehensive expense							
- Foreign currency translation differences		-	-	-	-	-	**-**
Total comprehensive loss for the year	**-**	**-**	**-**	**(5,569)**	**(5,569)**	**-**	**(5,569)**
Issue of ordinary shares (Note 1)**	-	-	-	-	-	-	**-**
Transactions with owners, recognised directly in equity	-	-	-	-	-	-	**-**
At 30 June 2015	**11,477**	**-**	**498**	**(2,652)**	**9,323**	**-**	**9,323**

** *Amount less than $1,000.*

Note 1

In FY2015, 1,258 new ordinary shares were issued upon the exercise of 1,258 share options granted under the TMC Share Option Scheme at the exercise price of $0.0612 per share. No new ordinary share is issued during FY2016.

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.

There were no changes in the Company's issued share capital since 31 December 2015 to 30 June 2016.

	Number of ordinary shares	Share capital $
Issued and fullly paid:		
As at 31 December 2015 and 30 June 2016	167,397,677	11,477,196

As at 30 June 2016, the number of outstanding and unexercised options granted under the TMC Share Options Scheme was 476,966 (as at 30 June 2015: 623,705). The decrease in the number of outstanding and unexercised options as at 30 June 2016 was due mainly to the expiry of some outstanding options and cancellation of unexercised share options given to staff that had resigned in FY2016.

Save for the aforementioned TMC Share Options Scheme, the Company did not have any other outstanding convertibles as at 30 June 2016 and 30 June 2015.

The Company did not hold any treasury shares as at 30 June 2016 and 30 June 2015.

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 30 June 2016 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 30 June 2016.

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 annual 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.

Except for the adoption of the Amendments to FRSs applicable for the financial year beginning on or after 1 July 2015, the same accounting policies and methods of computation have been applied. The adoption of Amendments to FRSs did not have any effect on the financial performance or position of the Group and the Company.

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.

	The Group	
	Unaudited FY2016	**Audited FY2015**
Profit/(loss) per ordinary share of the Group for the financial period based on net profit/(loss) attributable to equity holders of the Company :		
From continuing operations :		
- on weighted average number of ordinary shares in issue (basic) (cents)	(3.51)	(3.18)
- on fully diluted basis (cents)	(3.51)	(3.18)
From discontinued operations :		
- on weighted average number of ordinary shares in issue (basic) (cents)	-	0.02
- on fully diluted basis (cents)	-	0.02
Weighted average number of shares in issue during the year	**167,397,677**	**167,396,936**

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

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share 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
The total number of issued shares at the end of the:		
(a) current financial year reported as at 30 June 2016	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 30 June 2016	4.68	2.73
(b) as at 30 June 2015	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 financial year ended 30 June 2016 (FY2016") as compared to the financial year ended 30 June 2015 ("FY2015").

In FY2016, the Group incurred a net comprehensive loss for the year amounting to $5.75 million (FY2015: $5.50 million), in which, the loss attributable to equity holders of the Company was $5.87 million (FY2015: $5.30 million), resulting in a basic loss per share of 3.51 cents (FY2015: 3.18 cents) and profit per share of Nil cents (FY2015: 0.02 cents) from continuing operations and discontinued operations respectively.

During FY2015, the Group disposed its loss making kindergarten business in China. The kindergarten business was a joint venture in which the Group had a 51% shareholding. The Group recorded a gain on disposal of $106,000 from this transaction. As the kindergarten had incurred losses from its operations prior to the disposal in FY2015, the gain partly offset the loss from discontinued business resulting in a net loss from discontinued business of $44,000 in FY2015. In FY2016, the Group has recorded a credit balance of $135,000 in currency translation differences - foreign operations (FY2015: debit balance of $149,000 in currency translation differences - foreign operations).

8.1.1 Revenue, other income and fair value adjustment on investment properties

The Group's revenue comprising course and examination fees for FY2016 decreased by $1.83 million (or 23.8%) to $5.86 million in FY2016 (FY2015: $7.70 million). This was due mainly to the decrease in student enrolment in FY2016.

The Group's other income for FY2016 decreased by $626,000 (or 51.8%) to $583,000 in FY2016 (FY2015: $1.21 million). This was due mainly to the decrease in rental income from investment properties by $535,000 to $348,000 in FY2016 (FY2015: $883,000).

The Group recorded a fair value loss on investment properties of $1.30 million in FY2016 (FY2015: fair value gain on investment properties of $1.09 million). The valuation on investment properties is determined by an independent firm of professional valuers based on the direct comparison valuation method. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between willing buyer and willing seller in an arm's length transaction. There has been no change to the valuation technique from the previous financial year.

8.1 Income statement review (cont'd)

8.1.2 Operating expenses

The Group's operating expenses decreased significantly by $4.67 million (or 30.8%) to $10.51 million in FY2016 (FY2015: $15.18 million). The decrease in operating expenses was attributable mainly to the effect of cost savings arising from campus consolidation exercise being carried out during the financial year under review, i.e., closure of Bishan campus. As part of our business and overhead review, the closure of Bishan campus will lead to a cost savings of more than $2.50 million annually. The decrease in operating expenses was also in line with the decrease in student enrolment in FY2016.

Course materials and subscriptions expenses decreased by $740,000 (or 62.1%) to $451,000 in FY2016 (FY2015: $1.19 million). This was due mainly to lower student enrolment and decrease in amortisation of intangible assets in FY2016, as well as the absence of one-time impairment on course materials of $158,000 recorded in FY2015.

Staff costs decreased by $1.60 million (or 26.9%) to $4.34 million in FY2016 (FY2015: $5.93 million). The decrease in staff costs was in line with the reduction in staff headcount, which was attributable to lower student enrolment during FY2016 and campus consolidation exercise during first half of FY2016.

Plant and equipment, investment properties and related expenses decreased by $1.57 million (or 78.1%) to $440,000 in FY2016 (FY2015: $2.01 million). The decrease was due mainly to the decrease in depreciation charges by $619,000, decrease in net provision for restoration costs of campus by $750,000 and decrease in maintenance of plant and equipment by $199,000 in FY2016.

The Group had disposed 10 office units of its investment properties with a carrying amount of $5.67 million to a third party for a cash consideration of $4.46 million in FY2016 and subsequently recorded a loss on disposal of investment properties of $1.21 million (FY2015: $Nil). In FY2016, the Group performed an impairment assessment in accordance with FRS 36 Impairment of Assets and an impairment loss on plant and equipment of $370,000 (FY2015: $823,000) was recognised.

Advertising and promotion expenses decreased by $101,000 (or 23.8%) to $323,000 in FY2016 (FY2015: $424,000) due mainly to the reduction in advertising through the press and print media, and more reliance on internet and social media for the advertising outreach during the financial year under review. The adoption of internet based advertising is relatively more cost effective for the business.

Operating lease expenses decreased by $1.33 million (or 40.8%) to $1.94 million in FY2016 (FY2015: $3.27 million) due mainly to the closure of Bishan campus during the financial year under review. Other expenses decreased by $91,000 (or 5.9%) to $1.45 million in FY2016 (FY2015: $1.54 million) due mainly to the decrease in utilities subsequent to the closure of Bishan campus in FY2016 and lower student recruitment expenses (such as student recruitment agent fees and incentives) and student insurance expenses incurred in FY2016, which was in line with the decrease in student enrolment.

8.1.3 Finance costs

Finance costs increased by $395,000 to $513,000 in FY2016 (FY2015: $118,000). The increase in finance costs was due mainly to the fair value adjustment on interest free loan from shareholders amounted to $297,000 in accordance with FRS 39 Financial Instruments: *Recognition and Measurement* and the increase in interest expenses by $98,000, which was in line with the increase in borrowings to fund the working capital of the Group

8.1.4 Income tax expenses

No income tax expenses was incurred in FY2016 (FY2015: $Nil) as the Group was in a tax loss position.

8.1 Income statement review (cont'd)

8.1.5 Loss from discontinued operations

As mentioned above, the Group disposed its loss making kindergarten business in China in FY2015. The operating loss incurred by the kindergarten prior to the sale was partially offset by a gain on disposal of $106,000, resulting in a net loss from discontinued operations of $44,000 in FY2015.

8.2 Balance Sheet Review

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 30 June 2016 and 30 June 2015.

8.2.1 Total Equity

Equity attributable to the owners of the Company amounted to $7.84 million as at 30 June 2016 (30 June 2015: $12.38 million). The decrease was due mainly to the loss for the financial year attributable to the owners of the Company of $5.88 million incurred in FY2016.

8.2.2 Non-Current Assets

Non-current assets amounted to $17.42 million as at 30 June 2016 (30 June 2015: $24.63 million). The decrease in non-current assets of $7.21 million was due mainly to:

(a) the decrease in plant and equipment by $287,000 to $174,000 as at 30 June 2016 (30 June 2015: $461,000) was due mainly to the provision for impairment of $370,000, depreciation charges of $143,000, disposal of plant and equipment with carrying amount of $13,000 and write-off of certain plant and equipment with carrying amount of $11,000. The decrease was partly offset by additional renovation works at City campus during the year to facilitate the consolidation of the operations from 2 campuses to 1 campus and other equipment amounted to $251,000;
(b) the decrease in investment properties by $6.92 million to $17.25 million as at 30 June 2016 (30 June 2015: $24.17 million) was due mainly to the fair value loss on investment properties and disposal of investment properties amounted to $1.30 million and $5.62 million respectively; and
(c) the intangible assets were $Nil in both FY2016 and FY2015 as these assets were either impaired or written off as at 30 June 2016 and 30 June 2015 respectively. In FY2016, additional development of training materials was $1,350 (FY2015: $39,000) and amortisation of development expenditure was $1,350 (FY2015: $56,000).

8.2.3 Current Assets

Current assets amounted to $1.75 million as at 30 June 2016 (30 June 2015: $1.97 million). The decrease in current assets by $221,000 was due mainly to:

(a) the decrease in trade receivables by $75,000, as a result of better collection process being in place. The decrease was in line with the improvement in receivable turnover days by 4 days to 7 days (30 June 2015: 11 days);
(b) the decrease in other receivables by $50,000 was due mainly to receipt of the balance of proceeds from disposal of subsidiary in China of $27,000 and repayment of study loan of $19,000;
(c) the decrease in refundable deposits by $17,000 was due mainly to the reclassifications of down payment to plant and equipment upon completion of renovation works in FY2016; and
(d) the decrease in prepayments by $170,000 was due mainly to the absence of prepaid operating lease expenses for Bishan campus in FY2016.

The decrease was partially offset by the increase in cash and bank balances of $91,000.

8.2 Balance Sheet Review (cont'd)

8.2.4 Current Liabilities

Current liabilities amounted to $4.93 million as at 30 June 2016 (30 June 2015: $10.82 million). The decrease in current liabilities by $5.88 million in FY2016 was due mainly to:-

(a) the decrease in trade and other payables by $2.76 million was mainly due to the decrease in trade payables by $1.39 million, accrued expenses by $475,000, amount due to a non-controlling interest (non-trade) by $278,000, other payables by $209,000 and non-refundable course fees received in advance from students by $408,000, were in line with the decrease in student enrolments and higher payments made to trade and other payables in FY2016;
(b) the reversal of over-provision of reinstatement costs of $400,000;
(c) the reclassification of shareholders' loan of $2.0 million as non-current liabilities in FY2016, subsequent to the change in loan repayment term to FY2018; and
(d) the repayments of bank borrowings of $721,000.

Negative working capital/net current liabilities of $3.19 million as at 30 June 2016 (30 June 2015: $8.85 million) was due mainly to short term bank borrowings of $1.27 million and non-refundable course fees received in advance from students of $1.76 million as at 30 June 2016. Course fees received in advance from students were not refundable but will only be recognised as revenue after 30 June 2016.

8.2.5 Non-Current Liabilities

Non-current liabilities increased by $3.01 million to $6.75 million as at 30 June 2016 (30 June 2015: $3.75 million) due mainly to borrowings from shareholders who are also the Executive Directors of the Company and a third party amounted to $3.61 million (30 June 2015: $2.0 million classified as current liabilities) and $2.0 million (30 June 2015: $Nil) respectively, which were mainly utilised for working capital. The increase was partly offset by the repayment of borrowings to the bank in FY2016.

8.3 Cash Flow Review

Cash and bank balances as at 30 June 2016 amounted to $1.49 million, an increase of $91,000 from $1.40 million since 30 June 2015.

The Group had recorded net cash used in operating activities of $5.18 million in FY2016 (FY2015: $4.74 million) due mainly to an operating loss before working capital changes of $2.53 million (FY2015: $4.08 million) and an increase of $2.65 million (FY2015: $658,000) in cash used for working capital.

The net cash generated from investing activities amounted to $4.17 million in FY2016 (FY2015: net cash used in investing activities amounted to $14,000) due mainly to net proceeds from disposal of investment properties of $4.41 million. This was partly offset by the acquisition of plant and equipment of $251,000.

The Group had also raised a net cash balance of $966,000 from its financing activities in FY2016 (FY2015: $3.42 million). This comprised mainly net proceeds from shareholders' loan and loan from a third party of $2.5 million and $2.0 million respectively. The proceeds was partly offset by the interest expenses of $216,000 and repayments of borrowings of $3.32 million in FY2016.

There are no net cash generated from discontinued operations for the kindergarten business in China in FY2016 (FY2015: $195,000).

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 $17.25 million as at 30 June 2016. The Group had considered, amongst others, prevailing market conditions, our Group's cash flows and funding needs. To improve the marketability of our investment properties, the Group is currently in the process of obtaining approval from the relevant authorities for the sub-division of the investment properties.

As at the date of this announcement, the Company has disposed certain investment properties with a net asset value of $5.62 million for net proceeds of $4.41 million. This disposal transaction, which was completed in March 2016, has improved our cash flow position. For further details, please refer to the Company's announcements dated 10 December 2015, 7 January 2016 and 16 March 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 FY2016.

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

Not applicable.

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

Not applicable. No dividend was declared for FY2015.

(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/recommended for FY2016.

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 other interested person transactions in the period under review. The Group has not obtained a general mandate from shareholders in respect of any interested person transactions.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company confirms that it has procured undertakings from all of its directors and executive officers in the required format.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15. Segmented revenue and results operating 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 Group				
	Total Continuing Operations			Discontinued Operation	
Geographical segments	**Tertiary Education in Singapore**	**Others**		**Pre-School Education in China**	**Total**
	($'000)	**($'000)**	**($'000)**	**($'000)**	**($'000)**
Unaudited					
FY2016					
External revenue:	5,863	-	5,863	-	5,863
Interest income	-	-	-	-	-
Fair value loss on investment properties	-	(1,300)	(1,300)	-	(1,300)
Interest expense	513	-	513	-	513
Depreciation	143	-	143	-	143
Amortisation of intangible assets	1	-	1	-	1
Reportable segment loss for the year	(3,444)	(2,436)	(5,880)	-	(5,880)
Capital expenditure	251	-	251	-	251
Reportable segment assets	1,919	17,250	19,169	-	19,169
Reportable segment liabilities	11,685	-	11,685	-	11,685

	The Group				
	Total Continuing Operations			Discontinued Operation	
Geographical segments	**Tertiary Education in Singapore**	**Others**		**Pre-School Education in China**	**Total**
	($'000)	**($'000)**	**($'000)**	**($'000)**	**($'000)**
Audited					
FY2015					
External revenue:	7,695	-	7,695	758	8,453
Interest income	1	-	1	1	2
Fair value gain on investment properties	-	1,090	1,090	-	1,090
Interest expense	118	-	118	-	118
Depreciation	762	-	762	10	772
Amortisation of intangible assets	56	-	56	-	56
Reportable segment (loss)/profit for the year	(6,976)	1,668	(5,308)	(44)	(5,352)
Capital expenditure	48	-	48	-	48
Reportable segment assets	2,427	24,170	26,597	-	26,597
Reportable segment liabilities	14,560	-	14,560	-	14,560

15. Segmented revenue and results operating 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 (cont'd)

Unaudited FY2016	The Group		
	Continuing operations S$'000	Discontinued operations S$'000	Total S$'000
Revenue			
Total revenue for reportable segments	5,863	-	**5,863**
Consolidated revenue	**5,863**	**-**	**5,863**
Loss			
Total loss for reportable segments	(5,664)	-	**(5,664)**
Unallocated net expenses	(216)	-	**(216)**
Consolidated loss before income tax	**(5,880)**	**-**	**(5,880)**
Assets			
Total assets for reportable segments	19,169	-	**19,169**
Elimination of inter-segment assets	-	-	**-**
Consolidated total assets	**19,169**	**-**	**19,169**
Liabilities			
Total liabilities for reportable segments	11,685	-	**11,685**
Elimination of inter-segment liabilities	-	-	**-**
Consolidated total liabilities	**11,685**	**-**	**11,685**

Audited FY2015	The Group		
	Continuing operations S$'000	Discontinued operations S$'000	Total S$'000
Revenue			
Total revenue for reportable segments	7,695	758	**8,453**
Elimination of inter-segment revenue	-	-	**-**
Consolidated revenue	**7,695**	**758**	**8,453**
Loss			
Total loss for reportable segments	(5,191)	(45)	**(5,236)**
Unallocated net (expenses)/income	(117)	1	**(116)**
Consolidated loss before income tax	**(5,308)**	**(44)**	**(5,352)**
Assets			
Total assets for reportable segments	26,597	-	**26,597**
Elimination of inter-segment assets	-	-	**-**
Consolidated total assets	**26,597**	**-**	**26,597**
Liabilities			
Total liabilities for reportable segments	14,560	-	**14,560**
Elimination of inter-segment liabilities	-	-	**-**
Consolidated total liabilities	**14,560**	**-**	**14,560**

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

For FY2016, revenue, capital expenditure, assets and liabilities of the continuing business segment in tertiary education were derived in Singapore. The business segment in providing pre-school education in China was disposed in FY2015. Please refer to explanation in paragraph 8 above for more detailed explanation of the performance review.

17. A breakdown of sales.

	The Group		
	Unaudited FY2016 (S$'000)	Audited FY2015 (S$'000)	% Change
Sales reported for first half year	3,269	4,540	-28.0%
Operating loss after tax before deducting non-controlling interests reported for first half year	(1,877)	(2,515)	-25.4%
Sales reported for second half year	2,594	3,155	-17.8%
Operating loss after tax before deducting non-controlling interests reported for second half year	(4,003)	(2,837)	41.1%

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable. No dividend was declared and paid in FY2016 and FY2015.

19. Disclosure of person occupying 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(10).

Apart from Dr. Chin Kon Yuen and Ms. Yeow Cheng Khim, who are husband and wife, and directors and substantial shareholders of the Company, there is no other person occupying managerial position in the Company or its principal subsidiaries that are related to any director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Dr. Chin Kon Yuen
Executive Chairman

Ms. Yeow Cheng Khim
Chief Executive Officer

29 August 2016