

# Overseas Education Limited

Company Registration No: 201131905D

## UNAUDITED HALF-YEAR 2020 FINANCIAL STATEMENTS

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

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

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

	GROUP				
	30-Jun-20	Half-Year ended	30-Jun-19		Change
	\$'000		\$'000		%
<b>Revenue</b>					
Tuition fees	40,588	98.1%	39,959	97.1%	1.6
Registration fees	561	1.4%	587	1.4%	(4.4)
School shop revenue	98	0.2%	168	0.4%	(41.7)
Enrichment programme revenue	-	0.0%	268	0.7%	(100.0)
Interest income	108	0.3%	168	0.4%	(35.7)
Other revenue	16	0.0%	14	0.0%	14.3
<b>Total revenue</b>	<b>41,371</b>	<b>100.0%</b>	<b>41,164</b>	<b>100.0%</b>	<b>0.5</b>
<b>Expenses</b>					
Personnel expenses	21,662	52.4%	21,544	52.3%	0.5
School shop costs	58	0.1%	99	0.2%	(41.4)
Enrichment programme costs	-	0.0%	186	0.5%	(100.0)
Utilities	296	0.7%	447	1.1%	(33.8)
Upkeep and maintenance	757	1.8%	666	1.6%	13.7
Finance costs	1,929	4.7%	3,504	8.5%	(44.9)
Other operating expenses	2,413	5.8%	3,010	7.4%	(19.8)
<b>Expenses before depreciation and amortisation</b>	<b>27,115</b>	<b>65.5%</b>	<b>29,456</b>	<b>71.6%</b>	<b>(7.9)</b>
<b>Profit before depreciation and amortisation</b>	<b>14,256</b>	<b>34.5%</b>	<b>11,708</b>	<b>28.4%</b>	<b>21.8</b>
Depreciation expenses					
- Leasehold land	618	1.5%	618	1.5%	0.0
- School buildings	1,828	4.4%	1,828	4.4%	0.0
- Other plant and equipment	2,394	5.8%	2,333	5.7%	2.6
- Right-of-use assets	1,860	4.5%	1,619	3.9%	14.9
Amortisation of intangible assets	214	0.5%	233	0.6%	(8.2)
	<b>6,914</b>	<b>16.7%</b>	<b>6,631</b>	<b>16.1%</b>	<b>4.3</b>
<b>Profit before taxation</b>	<b>7,342</b>	<b>17.8%</b>	<b>5,077</b>	<b>12.3%</b>	<b>44.6</b>
Income tax expense - current tax	(1,762)		(1,504)		
- deferred tax	(10)		112		
	<b>(1,772)</b>	<b>4.3%</b>	<b>(1,392)</b>	<b>3.4%</b>	<b>27.3</b>
<b>Net profit for the period</b>	<b>5,570</b>	<b>13.5%</b>	<b>3,685</b>	<b>8.9%</b>	<b>51.2</b>
Other comprehensive income for the period, net of tax	+		(+)		0.0
<b>Total comprehensive income for the period</b>	<b>5,570</b>	<b>13.5%</b>	<b>3,685</b>	<b>8.9%</b>	<b>51.2</b>
Attributable to:					
Owners of the Company	5,570	13.5%	3,685	8.9%	51.2
	<b>5,570</b>	<b>13.5%</b>	<b>3,685</b>	<b>8.9%</b>	<b>51.2</b>

n.m. - Not meaningful

+/(+) - Amount lower than S\$1,000

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

	Group		
	Half-Year ended		
	30-Jun-20	30-Jun-19	Change
	\$'000	\$'000	%
Allowance for doubtful debts	288	121	138.0
Gain on disposal of plant and equipment	(13)	(2)	550.0

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

**BALANCE SHEETS**

	<b>GROUP</b>		<b>COMPANY</b>	
	As at	As at	As at	As at
	30-Jun-20 \$'000	31-Dec-19 \$'000	30-Jun-20 \$'000	31-Dec-19 \$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment				
- Leasehold land	28,443	29,062	-	-
- School buildings	164,510	166,337	-	-
- Other plant and equipment	52,198	54,315	120	132
Right-of-use assets	3,155	4,096	37	57
Intangible assets	1,739	1,766	-	-
Investment in subsidiaries	-	-	101,219	101,219
Deposits	390	390	-	-
Staff housing deposits	262	314	-	-
Other long term asset	334	334	-	-
	<u>251,031</u>	<u>256,614</u>	<u>101,376</u>	<u>101,408</u>
<b>Current assets</b>				
Inventories	435	422	-	-
Trade receivables	2,347	1,091	-	-
Other receivables and deposits	1,141	209	12	12
Amount owing by subsidiary	-	-	-	8,000
Prepayments	539	996	21	12
Cash and cash equivalents	30,828	45,498	14,110	5,593
	<u>35,290</u>	<u>48,216</u>	<u>14,143</u>	<u>13,617</u>
<b>TOTAL ASSETS</b>	<u>286,321</u>	<u>304,830</u>	<u>115,519</u>	<u>115,025</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables	256	270	-	-
Other payables and liabilities	3,964	1,412	86	120
Fees received in advance	6,425	30,504	-	-
Lease liabilities	2,739	2,959	38	58
Borrowings - Bank loan	6,042	6,042	-	-
Bank loan - Interest payable	742	802	-	-
Goods and Services Tax payable	2,615	2,679	54	61
Central Provident Fund payable	339	404	3	3
Income tax payable	4,520	2,758	288	196
	<u>27,642</u>	<u>47,830</u>	<u>469</u>	<u>438</u>
<b>NET CURRENT ASSETS</b>	7,648	386	13,674	13,179
<b>Non-current liabilities</b>				
Fees received in advance	580	711	-	-
Borrowings - Bank loan	104,517	107,539	-	-
Lease liabilities	444	1,192	-	-
Deferred tax liabilities	7,960	7,950	-	-
	<u>113,501</u>	<u>117,392</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS</b>	<u>145,178</u>	<u>139,608</u>	<u>115,050</u>	<u>114,587</u>
<b>Equity attributable to owners of the Company</b>				
Share capital	99,253	99,253	99,253	99,253
Revenue reserve	72,094	66,524	15,797	15,334
Foreign currency translation reserve	1	1	-	-
Merger reserve	(26,170)	(26,170)	-	-
<b>TOTAL EQUITY</b>	<u>145,178</u>	<u>139,608</u>	<u>115,050</u>	<u>114,587</u>

	<b>GROUP</b>	
	<b>As at 30-Jun-20 \$'000</b>	<b>As at 31-Dec-19 \$'000</b>
Note 1:		
Borrowings - Bank loan		
Current liabilities		
- Bank loan	6,160	6,160
Less: Facility fee	(118)	(118)
	<u>6,042</u>	<u>6,042</u>
- Interest payable	742	802
	<u>6,784</u>	<u>6,844</u>
Non-current liabilities		
- Bank Loan	105,430	108,510
Less: Facility fee	(913)	(971)
	<u>104,517</u>	<u>107,539</u>
Total borrowings	<u><u>111,301</u></u>	<u><u>114,383</u></u>

	<b>GROUP</b>	
	<b>As at 30-Jun-20 \$'000</b>	<b>As at 31-Dec-19 \$'000</b>
Note 2:		
Deferred tax liabilities		
Balance at beginning of the period / year	7,950	7,922
Movements during the period / year comprising:		
- Difference in provisions, unabsorbed capital allowances, and unearned registration fees	44	(60)
- Differences in depreciation and amortisation for tax purposes	(34)	88
Deferred tax charged to P&L during the period / year	10	28
Balance at end of the period / year	<u><u>7,960</u></u>	<u><u>7,950</u></u>

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

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

For the half-year ended 30 June 2020, the Company has repaid \$3,080,000 (FY2019: \$3,080,000) of its bank loan.

Total bank loan interest paid in the half-year financial period ended 30 June 2020 was \$1.87 million (FY2019: \$2.09 million).

As at 30 June 2020, the Company has a balance of \$111.59 million (31 December 2019: \$114.67 million) in aggregated principal amount of bank loan.

	<b>As at</b>	
	<b>30-Jun-20 \$'000</b>	<b>31-Dec-19 \$'000</b>
Opening bank loan balance	114,670	117,750
Instalments repaid during the period / year	(3,080)	(3,080)
Closing bank loan at end of the period / year	<u>111,590</u>	<u>114,670</u>
Less:		
Total facility fee incurred	1,177	1,177
Accumulated amortisation	(146)	(88)
Facility fee (net)	<u>1,031</u>	<u>1,089</u>
Bank loan at amortised cost	<u><u>110,559</u></u>	<u><u>113,581</u></u>
Represented by:		
Borrowings - Bank Loan		
- Current liabilities	6,042	6,042
- Non-current liabilities	104,517	107,539
	<u><u>110,559</u></u>	<u><u>113,581</u></u>

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	GROUP	
	Half-Year ended	
	30-Jun-20	30-Jun-19
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Profit before taxation	7,342	5,077
Adjustments for:		
Depreciation and amortisation expenses	6,914	6,631
Gain on disposal of plant and equipment	(13)	(2)
Finance costs	1,929	3,504
Interest income	(108)	(168)
<b>Operating profit before working capital changes</b>	<u>16,064</u>	<u>15,042</u>
Increase in inventories	(13)	(47)
Increase in trade receivables	(1,256)	(1,327)
(Increase)/decrease in other receivables, deposits and prepayments	(475)	157
Decrease/(increase) in non-current deposits	52	(126)
Decrease in trade payables, other payables and liabilities, and fees received in advance (current and non-current)	(21,801)	(12,271)
<b>Cash (used in) / generated from operations</b>	<u>(7,429)</u>	<u>1,428</u>
Interest received	108	168
Income tax paid	-	(1,092)
Lease interest paid	(65)	-
<b>Net cash (used in) / generated from operating activities</b>	<u>(7,386)</u>	<u>504</u>
<b>Cash flows from investing activities</b>		
Additions of intangible assets	(187)	(168)
Acquisition of property, plant and equipment	(277)	(253)
Proceeds from disposal of plant and equipment	13	10
<b>Net cash used in investing activities</b>	<u>(451)</u>	<u>(411)</u>
<b>Cash flows from financing activities</b>		
Payment of principal portion of lease liabilities	(1,882)	(1,660)
Proceeds from borrowings - bank loan	-	117,750
Bank loan interest paid	(1,871)	-
Partial loan facility fee paid	-	(589)
Bond interest paid	-	(3,053)
Bonds redemption / repurchased	-	(117,750)
Bank loan repayment	(3,080)	-
Dividends paid	-	(11,422)
<b>Net cash used in financing activities</b>	<u>(6,833)</u>	<u>(16,724)</u>
Net decrease in cash and cash equivalents	(14,670)	(16,631)
Cash and cash equivalents at beginning of the period	45,498	41,633
<b>Cash and cash equivalents at end of the period</b>	<u>30,828</u>	<u>25,002</u>

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

#### STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company				
	Share capital \$'000	Revenue reserve \$'000	Foreign currency translation reserve \$'000	Merger reserve \$'000	Total equity \$'000
				(Note #)	
<b>GROUP</b>					
<b>2020</b>					
Balance at 1 January 2020	99,253	66,524	1	(26,170)	139,608
Profit net of tax	-	5,570	-	-	5,570
Other comprehensive income for the period	-	-	+	-	+
Total comprehensive income for the period	-	5,570	+	-	5,570
Balance at 30 June 2020	99,253	72,094	1	(26,170)	145,178
<b>2019</b>					
Balance at 1 January 2019	99,253	69,940	1	(26,170)	143,024
Profit net of tax	-	3,685	-	-	3,685
Other comprehensive income for the period	-	-	(+)	-	(+)
Total comprehensive income for the period	-	3,685	(+)	-	3,685
Distribution to owners					
Dividends	-	(11,422)	-	-	(11,422)
Total transactions with owners in their capacity as owners	-	(11,422)	-	-	(11,422)
Balance at 30 June 2019	99,253	62,203	1	(26,170)	135,287

+/(+) Amount lower than S\$1,000

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

	Attributable to owners of the Company		
	Share capital \$'000	Revenue reserve \$'000	Total equity \$'000
<b>COMPANY</b>			
<b>2020</b>			
Balance at 1 January 2020	99,253	15,334	114,587
Profit net of tax	-	463	463
Total comprehensive income for the period	-	463	463
Balance at 30 June 2020	99,253	15,797	115,050
<b>2019</b>			
Balance at 1 January 2019	99,253	17,779	117,032
Profit net of tax	-	473	473
Total comprehensive income for the period	-	473	473
Distribution to owners			
Dividends	-	(11,422)	(11,422)
Total transactions with owners in their capacity as owners	-	(11,422)	(11,422)
Balance at 30 June 2019	99,253	6,830	106,083

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

As at 30 June 2020, the Company has no outstanding convertibles (30 June 2019: nil).

As at 30 June 2020, the Company has no treasury shares (30 June 2019: nil) and no subsidiary holdings (30 June 2019: nil).

	<b>Company</b>
	No of shares
At 31 December 2019 and 30 June 2020	<u>415,363,548</u>

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

	<b>As at</b>	
	<u>30-Jun-20</u>	<u>31-Dec-19</u>
Total number of issued shares	<u>415,363,548</u>	<u>415,363,548</u>

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

Not applicable.

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

Not applicable.

**2 Whether the figures have been audited or reviewed and in accordance with which audited or reviewed and in accordance with which auditing standard or practice.**

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

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

Not applicable.

**3A 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 2019, except for the adoption of the new and revised Singapore Financial Reporting Standards (International) (SFRS(I)) which became effective for the financial year beginning on or after 1 January 2020.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The adoption of the new and revised accounting standards referred to in paragraph 4 did not give rise to any significant changes to the financial performance or position of the Group.

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

	GROUP	
	Half-Year ended	
	30-Jun-20	30-Jun-19
	cents	cents
<b>Earnings per ordinary share of the Group for the financial period based on net profit attributable to shareholders:</b>		
Based on weighted average number of ordinary shares on issue	1.3	0.9
On a fully diluted basis	1.3	0.9
Weighted average number of ordinary shares for basic and diluted earnings per share computation	415,363,548	415,363,548

- 7 Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	GROUP		COMPANY	
	As at 30-Jun-20 cents	As at 31-Dec-19 cents	As at 30-Jun-20 cents	As at 31-Dec-19 cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	35.0	33.6	27.7	27.6



**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 \$41.37 million for the first half year ended 30 June 2020 (H1 2020) compared to \$41.16 million for the corresponding period ended 30 June 2019 (H1 2019). The student enrolment was stable during the period H1 2020 and was comparable with the student enrolment in H1 2019.

Details of revenue lines are as follows:

Revenue from tuition fees was marginally higher at \$40.59 million in H1 2020 compared to \$39.96 million in H1 2019.

Revenue from registration fees was \$0.56 million in H1 2020 compared to \$0.59 million in H1 2019.

School shop revenue was \$0.01 million in H1 2020 compared to \$0.17 million in H1 2019. There was no enrichment programme revenue in H1 2020 as all enrichment programmes have had to be put on hold due to COVID-19 restriction orders on schools.

Interest income was \$0.11 million in H1 2020 compared to \$0.17 million in H1 2019.

Total expenses before depreciation and amortisation was lower at \$27.12 million in H1 2020 compared to \$29.46 million in H1 2019. The Group benefitted mainly from lower interest cost as explained below.

Personnel expenses were \$21.66 million in H1 2020 and comparable with H1 2019, as the Group retained the entire faculty and support staff through the COVID-19 period.

School shop costs was lower at \$0.06 million in H1 2020 compared to \$0.10 million in H1 2019. There was no enrichment programme cost in H1 2020 as explained in the enrichment programme revenue section above.

Utilities expenses were lower at \$0.30 million in H1 2020 compared to \$0.45 million in H1 2019 due to the school closure during the circuit breaker period. Upkeep and maintenance expenses were higher at \$0.76 million in H1 2020 compared to \$0.67 million in H1 2019 due to additional expenses incurred to support home-based learning during the circuit breaker period.

Finance costs were lower at \$1.93 million in H1 2020 compared to \$3.50 million in H1 2019 due to the lower interest expense on the new 10-year bank loan facility utilised to refinance the redemption of the Company's Bonds in April 2019.

Other operating expenses were lower at \$2.41 million in H1 2020 compared to \$3.01 million in H1 2019 due to lower level of school activities during the circuit breaker period.

Depreciation and amortisation expenses were higher at \$6.91 million in H1 2020 compared to \$6.63 million in H1 2019. The increase was mainly due to higher depreciation of \$1.86 million on right-of-use assets as compared to \$1.62 million during the same corresponding period last year.

Profit before taxation ended higher at \$7.34 million in H1 2020 compared to \$5.08 million in H1 2019.

Income tax expense was \$1.77 million in H1 2020 compared to \$1.39 million in H1 2019. The H1 2020 income tax expense comprised mainly the provision for current tax of \$1.76 million. The income tax expense in H1 2019 comprised current tax of \$1.50 million and reversal of deferred tax of \$0.11 million.

Net profit after taxation ended higher at \$5.57 million in H1 2020 compared to \$3.69 million in H1 2019.

### **Review of Balance Sheet as at 30 June 2020**

Total property, plant and equipment and right-of-use assets at 30 June 2020 amounted to \$248.31 million compared to \$253.81 million at 31 December 2019. The decrease of \$5.50 million was due mainly to the depreciation charge for the reporting period, offset by the additional right-of-use assets of \$0.91 million during the reporting period.

Inventories for school uniforms, books and stationery supplies for sale at the school shop were constant at \$0.43 million at 30 June 2020 and 31 December 2019.

Trade receivables comprised amounts attributable to tuition fees, registration fees, school shop revenue and other revenue. Trade receivables at 30 June 2020 were higher at \$2.35 million as compared to \$1.09 million at 31 December 2019 due mainly to the timing of collection of the receivables for the reporting period.

Other receivables and deposits were higher at \$1.14 million compared to \$0.21 million at 31 December 2019 due mainly to the job support receivable.

Prepayments decreased by \$0.46 million due to the utilisation of the prepaid expenses during the reporting period.

The Group's cash and cash equivalents amounted to \$30.83 million at 30 June 2020 and \$45.50 million at 31 December 2019. The decrease was due to cash used in operating, investing and financing activities as explained in the Review of Group cash flow below.

Trade and other payables and liabilities were higher at \$4.22 million at 30 June 2020 compared to \$1.68 million at 31 December 2019 due mainly to timing of payments of operating expenses.

Total fees received in advance (current and non-current) was \$7.00 million at 30 June 2020 and \$31.22 million at 31 December 2019. The total fees received in advance at 30 June 2020 and 31 December 2019 comprised tuition fees collected before the commencement of the next semester in August and January respectively, and registration fees collected upon enrollment. As at 30 June 2020, the tuition fees for the new semester commencing in August 2020 were not due yet.

Lease liabilities (current and non-current) was \$3.18 million at 30 June 2020 compared to \$4.15 million at 31 December 2019.

Borrowings - Bank Loan (current and non-current) was \$110.56 million at 30 June 2020 compared to \$113.58 million at 31 December 2019. The Group paid the quarterly instalment of \$1.54 million each in January and April 2020. More information on the bank loan facility is disclosed in paragraph 1b(ii).

Bank Loan - Interest payable on the aforesaid long term bank loan was accrued at the current prevailing bank's offer interest rate of approximately 3.3% per annum.

Goods and Services Tax payable of \$2.62 million and \$2.68 million at 30 June 2020 and 31 December 2019 respectively arose mainly from the billing of next semester's tuition fees.

Deferred tax liabilities amounted to \$7.96 million at 30 June 2020 compared to \$7.95 million at 31 December 2019. 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 2020**

The net cash used in operating activities in H1 2020 was \$7.39 million, which consisted of cash inflow from operating activities before working capital changes of \$16.06 million, net working capital outflow of \$23.50 million and interest received of \$0.11 million and lease interest paid of \$0.06 million.

The above-mentioned net working capital outflow of \$23.50 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 \$21.80 million. There was also the cash outflow from the increase in trade receivables and other receivables, deposits and prepayments of \$1.26 million and \$0.48 million respectively.

The net cash used in investing activities of \$0.45 million was for the capital expenditure in the normal course of business.

The net cash used in financing activities of \$6.83 million comprised lease payments of \$1.88 million, payment of bank loan interest of \$1.87 million and bank loan repayment of \$3.08 million during the reporting period.

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

Not applicable.

**10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

The COVID-19 pandemic has significantly impacted the global economy. In addition, with shutdown measures and travel restrictions still in place for many countries, the Group foresees the student enrolment for the next school year starting August 2020 may also be affected. Our government's advice is to expect COVID-19 to be around for some time. The Group needs to enhance the delivery of our quality school programmes and effective learning support to the student body whether in school or distance-learning so that our students can achieve the required learning outcomes and progression. The Group is also challenged to increase our student recruitment efforts and to develop more recruitment channels to attract student enrolment.

The Group believes Overseas Family School is an inextricable part of Singapore's social and economic infrastructure supporting foreign direct investments into Singapore, and an important consideration for expatriates contemplating the relocation of their families, especially of their school-going children here.

**11 Dividend**

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

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

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

No dividend was declared for the corresponding period of the preceding financial year.

**12 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.

**13 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 half year financial results ended 30 June 2020 to be false or misleading in any material aspect.

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

The Company raised net proceeds of S\$68,033,985 (after deducting IPO expenses of S\$3,966,015) from its IPO on 7 February 2013. The amount utilised as at the date of this report is as follows:

Total amount utilised for the building of a new school campus	<u>65,635,545</u>
Balance proceeds	<u>2,398,440</u>

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

**15 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.

**16 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 2020.

BY ORDER OF THE BOARD

David Alan Perry  
Executive Chairman and Chief Executive Officer  
14 August 2020