

UNAUDITED SECOND QUARTER FINANCIAL STATEMENT

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-17 \$'000	GROUP		
	30-Jun-17 \$'000	30-Jun-16 \$'000	Change %		30-Jun-17 \$'000	30-Jun-16 \$'000	Change %
Revenue							
Tuition fees	21,886	23,595	(7.2)	43,426	97.2%	46,656	96.9% (6.9)
Registration fees	429	509	(15.7)	666	1.5%	774	1.6% (14.0)
School shop revenue	77	93	(17.2)	181	0.4%	206	0.4% (12.1)
Enrichment programme revenue	129	137	(5.8)	251	0.6%	272	0.6% (7.7)
Interest income	46	71	(35.2)	119	0.3%	207	0.4% (42.5)
Other revenue	12	23	(47.8)	16	0.0%	26	0.1% (38.5)
Total revenue	22,579	24,428	(7.6)	44,659	100.0%	48,141	100.0% (7.2)
Expenses							
Personnel expenses	13,517	14,581	(7.3)	26,769	59.9%	28,777	59.8% (7.0)
School shop costs	44	50	(12.0)	105	0.2%	112	0.2% (6.3)
Enrichment programme costs	85	111	(23.4)	178	0.4%	184	0.4% (3.3)
Utilities	210	269	(21.9)	422	1.0%	528	1.1% (20.1)
Upkeep and maintenance	444	176	152.3	882	2.0%	374	0.8% 135.8
Finance costs - Bonds	1,941	2,054	(5.5)	3,877	8.7%	4,106	8.5% (5.6)
Other operating expenses	1,650	1,721	(4.1)	3,094	6.9%	3,562	7.4% (13.1)
Expenses before depreciation and amortisation	17,891	18,962	(5.6)	35,327	79.1%	37,643	78.2% (6.2)
Profit before depreciation and amortisation	4,688	5,466	(14.2)	9,332	20.9%	10,498	21.8% (11.1)
Depreciation expenses							
- Leasehold land	309	309	0.0	618	1.4%	618	1.3% 0.0
- School buildings	914	914	0.0	1,828	4.1%	1,832	3.8% (0.2)
- Other plant and equipment	1,233	1,265	(2.5)	2,474	5.5%	2,532	5.3% (2.3)
Amortisation of intangible assets	160	171	(6.4)	320	0.7%	346	0.7% (7.5)
	2,616	2,659	(1.6)	5,240	11.7%	5,328	11.1% (1.7)
Profit before taxation	2,072	2,807	(26.2)	4,092	9.2%	5,170	10.7% (20.9)
Income tax expense - current tax	(20)	(5)		(35)		(22)	
- deferred tax	(598)	(679)		(1,163)		(1,682)	
	(618)	(684)	(9.6)	(1,198)	2.7%	(1,704)	3.5% (29.7)
Net profit for the period	1,454	2,123	(31.5)	2,894	6.5%	3,466	7.2% (16.5)
Other comprehensive income for the period, net of tax	(+)	(+)	0.0	(+)		(+)	0.0
Total comprehensive income for the period	1,454	2,123	(31.5)	2,894	6.5%	3,466	7.2% (16.5)
Attributable to:							
Owners of the Company	1,454	2,123	(31.5)	2,894	6.5%	3,466	7.2% (16.5)
	1,454	2,123	(31.5)	2,894	6.5%	3,466	7.2% (16.5)

n.m. - Not meaningful

+ - Amount lower than S\$1,000

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

	GROUP			Group		
	Second Quarter ended			Six Months ended		
	30-Jun-17 \$'000	30-Jun-16 \$'000	Change %	30-Jun-17 \$'000	30-Jun-16 \$'000	Change %
Allowance for doubtful debt	138	141	(2.1)	138	141	(2.1)
(Gain)/loss on disposal of plant and equipment	(10)	(9)	11.1	2	(13)	n.m.
Fair value loss on bonds repurchased	108	-	n.m.	108	-	n.m.

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

BALANCE SHEETS

	Note	GROUP		COMPANY	
		As at	As at	As at	As at
		30-Jun-17	31-Dec-16	30-Jun-17	31-Dec-16
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Non-current assets					
Property, plant and equipment					
- Leasehold land		32,153	32,772	-	-
- School buildings		175,563	177,391	-	-
- Other plant and equipment		63,241	65,549	103	116
Intangible assets		2,153	2,270	-	-
Investment in subsidiaries		-	-	101,219	101,219
Inter-company loan to subsidiary		-	-	135,000	143,000
Bonds - Issuance expenses	1	312	537	312	537
Deposits		292	249	-	-
Staff housing deposits		327	255	-	-
Other long term asset		334	334	-	-
		<u>274,375</u>	<u>279,357</u>	<u>236,634</u>	<u>244,872</u>
Current assets					
Inventories		500	472	-	-
Trade receivables		2,326	1,207	-	-
Other receivables and deposits		318	379	12	12
Amount owing by subsidiary		-	-	-	1,701
Bonds - Issuance expenses	1	393	416	393	416
Prepayments		1,168	1,052	28	16
Cash and cash equivalents		31,165	53,908	3,191	9,760
		<u>35,870</u>	<u>57,434</u>	<u>3,624</u>	<u>11,905</u>
TOTAL ASSETS		<u>310,245</u>	<u>336,791</u>	<u>240,258</u>	<u>256,777</u>
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables		365	295	-	-
Other payables and liabilities		1,374	1,138	461	493
Fees received in advance		16,136	30,753	-	-
Bonds - Interest payable		1,442	1,548	1,442	1,548
Amount due to subsidiary		-	-	271	-
Goods and Services Tax payable		2,816	2,362	61	57
Central Provident Fund payable		357	419	6	6
Income tax payable		44	54	42	52
		<u>22,534</u>	<u>36,569</u>	<u>2,283</u>	<u>2,156</u>
NET CURRENT ASSETS		13,336	20,865	1,341	9,749
Non-current liabilities					
Borrowings - Bonds	1	135,000	143,000	135,000	143,000
Other liabilities		-	-	312	537
Deferred tax liabilities	2	6,670	5,507	-	-
		<u>141,670</u>	<u>148,507</u>	<u>135,312</u>	<u>143,537</u>
Net assets		<u>146,041</u>	<u>151,715</u>	<u>102,663</u>	<u>111,084</u>
Equity attributable to owners of the Company					
Share capital		99,253	99,253	99,253	99,253
Revenue reserve		72,958	78,631	3,410	11,831
Other reserves		(26,170)	(26,169)	-	-
		<u>146,041</u>	<u>151,715</u>	<u>102,663</u>	<u>111,084</u>

	GROUP	
	As at	As at
	30-Jun-17	31-Dec-16
	\$'000	\$'000
Note 1:		
Borrowings - Bonds	135,000	143,000
Bonds - Issuance expenses		
- Non-current assets	(312)	(537)
- Current assets	(393)	(416)
	<u>(705)</u>	<u>(953)</u>
Bonds at amortised cost	<u>134,295</u>	<u>142,047</u>
Note 2:		
Deferred tax liabilities		
Balance at beginning of the period / year	5,507	3,320
Movements during the period / year comprising:		
- Difference in net book value and tax-written-down-value of property, plant and equipment	1,495	2,355
- Unabsorbed capital allowances	(332)	(168)
Deferred tax charged to P&L during the period / year	<u>1,163</u>	<u>2,187</u>
Balance at end of the period / year	<u>6,670</u>	<u>5,507</u>

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

The Company issued \$150 million bonds on 17 April 2014 with maturity on 17 April 2019. The Bonds are unsecured and bear interest from 17 April 2014 at the rate of 5.20 per cent. per annum, payable semi-annually in arrears on 17 October and 17 April in each year.

The Company repurchased \$7,000,000 of its Bonds, cancelled and delisted from SGX-ST in the third quarter of last FY 2016. The Company repurchased an additional \$8,000,000 of its Bonds in the second quarter of FY 2017, and cancelled and delisted \$7,000,000 of the Bonds before the end of the second quarter FY 2017. The balance of the \$1,000,000 repurchased Bonds will be cancelled and delisted from SGX-ST in the second half of FY2017.

As at 30 June 2017, the Company has a balance of \$135 million (31 December 2016: \$143 million) in aggregated principal amount of Bonds.

	As at	
	30-Jun-17 \$'000	31-Dec-16 \$'000
Borrowings - Bonds	135,000	143,000
Bonds - Issuance expenses	(705)	(953)
Bonds at amortised cost	<u>134,295</u>	<u>142,047</u>
Total bonds issuance expenses incurred	2,181	2,181
Accumulated amortisation	(1,476)	(1,228)
	<u>705</u>	<u>953</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		GROUP	
	Second Quarter ended 30-Jun-17 \$'000	30-Jun-16 \$'000	Six Months ended 30-Jun-17 \$'000	30-Jun-16 \$'000
Cash flows from operating activities				
Profit before taxation	2,072	2,807	4,092	5,170
Adjustments for:				
Depreciation and amortisation expenses	2,616	2,659	5,240	5,328
(Gain)/loss on disposal of plant and equipment	(10)	(9)	2	(13)
Fair value loss on bonds repurchased	108	-	108	-
Finance costs - Bonds	1,941	2,054	3,877	4,106
Interest income	(46)	(71)	(119)	(207)
Operating profit before working capital changes	<u>6,681</u>	<u>7,440</u>	<u>13,200</u>	<u>14,384</u>
(Increase)/decrease in inventories	(60)	(21)	(28)	32
Increase in trade receivables	(1,429)	(1,563)	(1,119)	(1,002)
Decrease/(increase) in other receivables, deposits and prepayments	1,159	1,056	(55)	44
(Increase)/decrease in non-current deposits	(59)	2	(115)	(8)
Decrease in trade payables, other payables, liabilities and fees received in advance	(3,052)	(4,759)	(13,919)	(15,355)
Cash generated from/(used in) operations	<u>3,240</u>	<u>2,155</u>	<u>(2,036)</u>	<u>(1,905)</u>
Interest received	46	71	119	207
Income tax paid	(45)	(59)	(45)	(75)
Net cash generated from/(used in) operating activities	<u>3,241</u>	<u>2,167</u>	<u>(1,962)</u>	<u>(1,773)</u>
Cash flows from investing activities				
Additions of intangible assets	(101)	(56)	(203)	(132)
Acquisition of property, plant and equipment	(156)	(75)	(199)	(150)
Proceeds from disposal of plant and equipment	11	10	31	54
Net cash used in investing activities	<u>(246)</u>	<u>(121)</u>	<u>(371)</u>	<u>(228)</u>
Cash flows from financing activities				
Bond interest paid and expensed	(3,708)	(3,911)	(3,708)	(3,911)
Bonds repurchased	(8,135)	-	(8,135)	-
Dividends paid	(8,567)	(5,711)	(8,567)	(5,711)
Net cash used in financing activities	<u>(20,410)</u>	<u>(9,622)</u>	<u>(20,410)</u>	<u>(9,622)</u>
Net decrease in cash and cash equivalents	(17,415)	(7,576)	(22,743)	(11,623)
Cash and cash equivalents at beginning of the period	48,580	56,312	53,908	60,359
Cash and cash equivalents at end of the period	<u>31,165</u>	<u>48,736</u>	<u>31,165</u>	<u>48,736</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					Total equity \$'000
	Share capital \$'000	Revenue reserve \$'000	Other reserves, total \$'000	Foreign currency translation reserve \$'000	Merger reserve \$'000	
					(Note #)	
GROUP						
2017						
Balance at 1 January 2017	99,253	78,631	(26,169)	1	(26,170)	151,715
Profit net of tax	-	1,440	-	-	-	1,440
Other comprehensive income for the period	-	-	(+)	(+)	-	(+)
Total comprehensive income for the period	-	1,440	(+)	(+)	-	1,439
Balance at 31 March 2017 and 1 April 2017	99,253	80,071	(26,170)	1	(26,170)	153,154
Profit net of tax	-	1,454	-	-	-	1,454
Other comprehensive income for the period	-	-	(+)	(+)	-	(+)
Total comprehensive income for the period	-	1,454	(+)	(+)	-	1,454
Distribution to owners						
Dividends	-	(8,567)	-	-	-	(8,567)
Total transactions with owners in their capacity as owners	-	(8,567)	-	-	-	(8,567)
Balance at 30 June 2017	99,253	72,958	(26,170)	1	(26,170)	146,041
2016						
Balance at 1 January 2016	99,253	81,934	(26,169)	1	(26,170)	155,018
Profit net of tax	-	1,344	-	-	-	1,344
Other comprehensive income for the period	-	-	-	(+)	-	(+)
Total comprehensive income for the period	-	1,344	-	+	-	1,344
Balance at 31 March 2016 and 1 April 2016	99,253	83,278	(26,169)	1	(26,170)	156,362
Profit net of tax	-	2,123	-	-	-	2,123
Other comprehensive income for the period	-	-	-	(+)	-	(+)
Total comprehensive income for the period	-	2,123	-	(+)	-	2,123
Distribution to owners						
Dividends	-	(5,711)	-	-	-	(5,711)
Total transactions with owners in their capacity as owners	-	(5,711)	-	-	-	(5,711)
Balance at 30 June 2016	99,253	79,690	(26,169)	1	(26,170)	152,774

+ Amount lower than S\$1,000

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	Attributable to owners of the Company		
	Share capital	Revenue reserve	Total equity
	\$'000	\$'000	\$'000
COMPANY			
2017			
Balance at 1 January 2017	99,253	11,831	111,084
Profit net of tax	-	117	117
Total comprehensive income for the period	-	117	117
Balance at 31 March 2017 and 1 April 2017	99,253	11,948	111,201
Profit net of tax	-	29	29
Total comprehensive income for the period	-	29	29
Distribution to owners			
Dividends	-	(8,567)	(8,567)
Total transactions with owners in their capacity as owners	-	(8,567)	(8,567)
Balance at 30 June 2017	99,253	3,410	102,663
2016			
Balance at 1 January 2016	99,253	14,077	113,330
Profit net of tax	-	136	136
Total comprehensive income for the period	-	136	136
Balance at 31 March 2016 and 1 April 2016	99,253	14,213	113,466
Profit net of tax	-	79	79
Total comprehensive income for the period	-	79	79
Distribution to owners			
Dividends	-	(5,711)	(5,711)
Total transactions with owners in their capacity as owners	-	(5,711)	(5,711)
Balance at 30 June 2016	99,253	8,581	107,834

- 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 2017, the Company has no outstanding convertibles (30 June 2016: nil).

As at 30 June 2017, the Company has no treasury shares (30 June 2016: nil) and no subsidiary holdings (30 June 2016: nil).

	Company
	No of shares
At 31 December 2016, 31 March 2017 and 30 June 2017	<u>415,363,548</u>

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

	As at	
	<u>30-Jun-17</u>	<u>31-Dec-16</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 auditor.

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

Not applicable.

- 4 **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and computation methods used in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2016, except for the adoption of the new and revised Financial Reporting Standards (FRS) which become effective for the financial year beginning on or after 1 January 2017.

- 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 statements.

- 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 Second Quarter ended		GROUP Six Months ended	
	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
	cents	cents	cents	cents
Earnings per ordinary share of the Group for the financial period based on net profit attributable to shareholders:				
Based on weighted average number of ordinary shares on issue	0.4	0.5	0.7	0.8
On a fully diluted basis	0.4	0.5	0.7	0.8
Weighted average number of ordinary shares for basic and diluted earnings per share computation	415,363,548	415,363,548	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-17	As at 31-Dec-16	As at 30-Jun-17	As at 31-Dec-16
	cents	cents	cents	cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	35.2	36.5	24.7	26.7

- 8 **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors that affected the turnover, costs and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

Review of performance

Review of Income statement

The Group posted total revenue of \$22.58 million and \$44.66 million for the second quarter ended 30 June 2017 (Q2 2017) and the six months ended 30 June 2017 (H1 2017) respectively. The decrease in total revenue compared to corresponding periods last year was due to the lower student enrolments for the academic semester January to June 2017 just ended.

Details of revenue lines are as follows:

Revenue from tuition fees was lower at \$21.89 million in Q2 2017 compared to \$23.60 million in Q2 2016. The six-month tuition fees dropped to \$43.43 million in H1 2017 from \$46.66 million in H1 2016.

Revenue from registration fees was S\$0.43 million in Q2 2017 compared to \$0.51 million in Q2 2016. The six-month registration fees revenue was lower at \$0.67 million in H1 2017 compared to \$0.77 million in H1 2016.

School shop revenue was \$0.08 million in Q2 2017 versus \$0.09 million in Q2 2016. The six-month school shop revenue was \$0.18 million in H1 2017 compared to \$0.21 million in H1 2016. Enrichment programme revenue was \$0.13 million in Q2 2017 and \$0.25 million in H1 2017 which were comparable with the corresponding periods last year.

Interest income was lower at \$0.05 million in Q2 2017 compared to \$0.07 million in Q2 2016. Similarly, interest income ended lower at \$0.12 million in H1 2017 compared to \$0.21 million in H1 2016.

Total expenses before depreciation and amortisation was lower at \$17.89 million in Q2 2017 compared to \$18.96 million in Q2 2016. Similarly, the six-month total operating expenses before depreciation and amortisation was lower at \$35.33 million in H1 2017 compared to \$37.64 million in H1 2016. The decrease was due mainly to implementation of cost-cutting measures to reduce personnel expenses, coupled with the Bonds interest-cost savings from the repurchase of the Bonds.

Personnel expenses decreased to \$13.52 million in Q2 2017 from \$14.58 million in Q2 2016, and the six-month personnel expenses decreased to \$26.77 million in H1 2017 from \$28.78 million in H1 2016. The decrease was due to non-renewal of contracts of academic staff from second half of last year, in line with the lower student enrolments.

Utilities expenses were \$0.21 million and \$0.42 million in Q2 2017 and H1 2017 respectively, compared to \$0.27 million and \$0.53 million in the corresponding periods of last year.

Upkeep and maintenance increased to \$0.44 million in Q2 2017 and \$0.88 million in H1 2017, compared to \$0.18 million and \$0.37 million in the corresponding periods of Q2 2016 and H1 2016. The increase was due to renewal of several maintenance contracts after the expiry of the maintenance free period which ended in first half of last year.

Finance costs on Bonds were reduced to \$1.94 million in Q2 2017 and \$3.88 million in H1 2017 from \$2.05 million and \$4.11 million in Q2 2016 and H1 2016 respectively, due to the interest savings from the repurchase of \$8,000,000 Bonds in Q2 2017 and \$7,000,000 Bonds in Q3 2016.

Other operating expenses were lower at \$1.65 million in Q2 2017 as compared to \$1.72 million in Q2 2016. The six-month other operating expenses also decreased to \$3.09 million in H1 2017 from \$3.56 million in H1 2016. The higher other operating expenses last year (Q2 2016 and H1 2016) was due mainly to the revision of property tax for the new school campus from \$0.23 million to \$1.08 million per annum with effect from the issuance of the Temporary Occupancy Permit in May 2015. The backdated upward property tax adjustment was charged to the Group in Q1 2016.

Depreciation and amortisation expenses were \$2.62 million and \$5.24 million in Q2 2017 and H1 2017 respectively, compared to \$2.66 million and \$5.33 million in Q1 2016 and H1 2016.

Profit before taxation ended at \$2.07 million for Q2 2017 compared to \$2.81 million in Q2 2016. The six-month profit before taxation ended at \$4.09 million for H1 2017 compared to \$5.17 million for H1 2016.

Income tax expense for Q2 2017 and H1 2017 were \$0.62 million and \$1.20 million respectively, comprised mainly of the accrual of net deferred tax liabilities of \$0.60 million and \$1.16 million respectively. The income tax expense for Q2 2016 and H1 2016 were \$0.68 million and \$1.70 million respectively, comprised mainly of the accrual of net deferred tax liabilities of \$0.68 million and \$1.68 million respectively. The net deferred tax liabilities arose from the recognition of capital allowances on new assets acquired for the new school campus.

Profit after taxation for the second quarter ended at \$1.45 million for Q2 2017 compared to \$2.12 million for Q2 2016. Profit after taxation for the half-year ended at \$2.89 million for H1 2017 compared to \$3.47 million for H1 2016.

Review of Group Balance Sheet as at 30 June 2017

Total property, plant and equipment at 30 June 2017 amounted to \$270.96 million compared to \$275.71 million at 31 December 2016. The decrease of \$4.75 million was due mainly to the depreciation charge for the reporting period.

Inventories for school uniforms, books and stationery supplies for sale at the school shop were \$0.50 million at the end of Q2 2017 compared to \$0.47 million at 31 December 2016.

Trade receivables comprised amounts attributable to tuition fees, registration fees, school shop revenue and other revenue. The increase of \$1.12 million at the end of Q2 2017 from 31 December 2016 was due mainly to the timing of collection of the receivables for the reporting period.

The Group's cash and bank balances amounted to \$31.17 million at 30 June 2017 and \$53.91 million at 31 December 2016. 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 increased by \$0.31 million at 30 June 2017 due mainly to accrual and timing of payments of operating expenses.

Fees received in advance decreased to \$16.14 million as at 30 June 2017 from \$30.75 million as at 31 December 2016. The fees received in advance as at 31 December 2016 were for tuition fees collected for the second semester commencing in January 2017. The fees received in advance as at 30 June 2017 were for tuition fees collected for the first semester starting in August 2017. As at 30 June 2017, the fees for the new semester commencing in August 2017 were not due yet.

Bonds - Interest payable at 30 June 2017 was for the interest accrued on the remaining balance of \$135 million bonds at 5.20% p.a. for the period from 17 April 2017 to 30 June 2017. Bonds - Interest payable at 31 December 2016 was for the bonds interest on \$143 million bonds at 5.20% p.a. for the period from 17 October 2016 to 31 December 2016.

The Goods and Services Tax payable of \$2.82 million at 30 June 2017 arose mainly from the billing of semester one 2017/2018 tuition fees.

Deferred tax liabilities amounted to \$6.67 million at 30 June 2017 compared to \$5.51 million at 31 December 2016. 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, offset by deferred tax asset from unabsorbed capital allowances.

Review of Group cash flow for the second quarter ended 30 June 2017

In Q2 2017, net cash generated from operating activities was \$3.24 million, which consisted of cash inflow from operating profit before working capital changes of \$6.68 million, net working capital outflow of \$3.44 million, interest received of \$0.05 million and income tax paid of \$0.05 million.

The above-mentioned net working capital outflow of \$3.44 million arose mainly from cash outflow relating to the decrease in trade payables, other payables, liabilities and fees received in advance of \$3.05 million. There was also the increase in cash outflow from trade receivables of \$1.43 million, offset by the cash inflow from other receivables, deposits and prepayments of \$1.16 million.

The net cash used in investing activities of \$20.41 million in Q2 2017 was for the payment of bond interest of \$3.71 million in April 2017, bonds repurchased of \$8.14 million and payment of the final dividend of \$8.57 million in respect of FY 2016 in May 2017.

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

The current operating environment for foreign system schools ("FSS") is expected to remain challenging. The Group continues to focus on quality school programmes, including harnessing our student recruitment efforts, to attract student enrolments. The Groups continues to maintain a conservative stance on expenditure during this challenging period.

FSS in Singapore are to a large extent dependent upon the ability of Singapore to continue to attract foreign direct investments, and the Group is well placed in the FSS market to compete and to support any expansion of foreign investments into Singapore.

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

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 second quarter and half year financial results ended 30 June 2017 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 capital expenditure for the new school campus.

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.

BY ORDER OF THE BOARD

David Alan Perry
Executive Chairman and Chief Executive Officer
11 August 2017