

# Overseas Education Limited

Company Registration No: 201131905D

## UNAUDITED FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

### 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

	Note	GROUP				
		31-Dec-18 \$'000	For the year ended 31-Dec-17 \$'000 (Restated)		Change %	
<b>Revenue</b>						
Tuition fees		80,342	96.7%	84,024	96.8%	(4.4)
Registration fees		1,193	1.4%	1,342	1.5%	(11.1)
School shop revenue		577	0.7%	611	0.7%	(5.6)
Enrichment programme revenue		551	0.7%	539	0.6%	2.2
Interest income		385	0.5%	277	0.3%	39.0
Other revenue		29	0.0%	44	0.1%	(34.1)
<b>Total revenue</b>		<u>83,077</u>	100.0%	<u>86,837</u>	100.0%	(4.3)
<b>Expenses</b>						
Personnel expenses		47,354	57.0%	51,169	58.9%	(7.5)
School shop costs		355	0.4%	367	0.4%	(3.3)
Enrichment programme costs		378	0.5%	372	0.4%	1.6
Utilities		947	1.1%	806	0.9%	17.5
Upkeep and maintenance		1,478	1.8%	1,801	2.1%	(17.9)
Finance costs - Bonds		7,029	8.5%	7,614	8.8%	(7.7)
Other operating expenses		6,100	7.3%	5,907	6.8%	3.3
<b>Expenses before depreciation and amortisation</b>		<u>63,641</u>	76.6%	<u>68,036</u>	78.3%	(6.5)
<b>Profit before depreciation and amortisation</b>		<b>19,436</b>	23.4%	<b>18,801</b>	21.7%	3.4
Depreciation expenses						
- Leasehold land		1,237	1.5%	1,236	1.4%	0.1
- School buildings		3,656	4.4%	3,656	4.2%	0.0
- Other plant and equipment		4,682	5.6%	4,863	5.6%	(3.7)
Amortisation of intangible assets		510	0.6%	606	0.7%	(15.8)
		<u>10,085</u>	12.1%	<u>10,361</u>	11.9%	(2.7)
<b>Profit before taxation</b>		<b>9,351</b>	11.3%	<b>8,440</b>	9.7%	10.8
Income tax expense - current tax		(2,178)		(53)		
- deferred tax	2	(266)		(2,149)		
		<u>(2,444)</u>	3.0%	<u>(2,202)</u>	2.5%	11.0
<b>Net profit for the year</b>		<u><b>6,907</b></u>	8.3%	<u><b>6,238</b></u>	7.2%	10.7
Other comprehensive income for the year, net of tax		+		+		0.0
<b>Total comprehensive income for the year</b>		<u><u><b>6,907</b></u></u>	8.3%	<u><u><b>6,238</b></u></u>	7.2%	10.7
Attributable to:						
Owners of the Company		6,907	8.3%	6,238	7.2%	10.7
		<u><u><b>6,907</b></u></u>	8.3%	<u><u><b>6,238</b></u></u>	7.2%	10.7

n.m. - Not meaningful

+ - Amount lower than S\$1,000

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

	GROUP		
	For the year ended		
	31-Dec-18	31-Dec-17	Change
	\$'000	\$'000	%
Allowance for doubtful debt	239	150	59.3
Write-off for stock obsolescence	4	-	n.m.
Loss on disposal of plant and equipment	38	1	3,700.0
Fair value loss on bonds repurchased	93	108	(13.9)

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 31-Dec-18 \$'000	As at 31-Dec-17 \$'000 (Restated)	As at 1-Jan-17 \$'000 (Restated)	As at 31-Dec-18 \$'000	As at 31-Dec-17 \$'000
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment						
- Leasehold land		30,298	31,535	32,772	-	-
- School buildings		170,079	173,735	177,391	-	-
- Other plant and equipment		57,739	61,358	65,549	27	89
Intangible assets		1,931	2,078	2,270	-	-
Investment in subsidiaries		-	-	-	101,219	101,219
Inter-company loan to subsidiary		-	-	-	-	135,000
Bonds - Issuance expenses	1	-	114	537	-	114
Deposits		296	279	249	-	-
Staff housing deposits		151	245	255	-	-
Other long term asset		334	334	334	-	-
		<u>260,828</u>	<u>269,678</u>	<u>279,357</u>	<u>101,246</u>	<u>236,422</u>
<b>Current assets</b>						
Inventories		413	434	472	-	-
Trade receivables		1,047	1,167	1,207	-	-
Other receivables and deposits		306	271	379	12	12
Amount owing by subsidiary		-	-	-	129,179	-
Bonds - Issuance expenses	1	99	393	416	99	393
Prepayments		955	1,000	1,052	12	16
Cash and cash equivalents		41,633	53,584	53,908	5,864	3,566
		<u>44,453</u>	<u>56,849</u>	<u>57,434</u>	<u>135,166</u>	<u>3,987</u>
<b>TOTAL ASSETS</b>		<u>305,281</u>	<u>326,527</u>	<u>336,791</u>	<u>236,412</u>	<u>240,409</u>
<b>EQUITY AND LIABILITIES</b>						
<b>Current liabilities</b>						
Trade payables		318	735	295	-	-
Other payables and liabilities		761	1,046	1,138	181	479
Fees received in advance		28,454	29,322	31,855	-	-
Borrowings - Bonds	1	117,750	-	-	117,750	-
Bonds - Interest payable		1,275	1,462	1,548	1,275	1,462
Amount due to subsidiary		-	-	-	-	385
Goods and Services Tax payable		2,548	2,657	2,362	60	52
Central Provident Fund payable		409	403	419	3	6
Income tax payable		2,183	56	54	111	56
		<u>153,698</u>	<u>35,681</u>	<u>37,671</u>	<u>119,380</u>	<u>2,440</u>
<b>NET CURRENT (LIABILITIES) / ASSETS</b>		(109,245)	21,168	19,763	15,786	1,547
<b>Non-current liabilities</b>						
Borrowings - Bonds	1	-	135,000	143,000	-	135,000
Fees received in advance		637	650	744	-	-
Other liabilities		-	-	-	-	114
Deferred tax liabilities	2	7,922	7,656	5,507	-	-
		<u>8,559</u>	<u>143,306</u>	<u>149,251</u>	<u>-</u>	<u>135,114</u>
<b>NET ASSETS</b>		<u>143,024</u>	<u>147,540</u>	<u>149,869</u>	<u>117,032</u>	<u>102,855</u>
<b>Equity attributable to owners of the Company</b>						
Share capital		99,253	99,253	99,253	99,253	99,253
Revenue reserve		69,940	74,456	76,785	17,779	3,602
Other reserves		(26,169)	(26,169)	(26,169)	-	-
<b>TOTAL EQUITY</b>		<u>143,024</u>	<u>147,540</u>	<u>149,869</u>	<u>117,032</u>	<u>102,855</u>

	<b>GROUP</b>	
	<b>As at 31-Dec-18 \$'000</b>	<b>As at 31-Dec-17 \$'000</b>
Note 1:		
Borrowings - Bonds		
- Current liabilities	117,750	-
- Non-current liabilities	-	135,000
Bonds - Issuance expenses		
- Non-current assets	-	(114)
- Current assets	(99)	(393)
	<u>(99)</u>	<u>(507)</u>
Bonds at amortised cost	<u>117,651</u>	<u>134,493</u>

During the financial year, the Company repurchased and cancelled \$17,250,000 (2017: \$8,000,000) of its Bonds. Please refer to 1b(ii) for more information.

	<b>GROUP</b>	
	<b>As at 31-Dec-18 \$'000</b>	<b>As at 31-Dec-17 \$'000</b>
Note 2:		
Deferred tax liabilities		
Balance at beginning of the year	7,656	5,507
Movements during the year comprising:		
- Difference in net book value and tax-written-down-value of property, plant and equipment	568	2,149
- Differences due to unearned registration fees & provisions	(302)	-
Deferred tax charged to P&L during the year	<u>266</u>	<u>2,149</u>
Balance at end of the year	<u>7,922</u>	<u>7,656</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.

In FY2016, the Company repurchased and cancelled \$7,000,000 of its Bonds.

In FY2017, the Company repurchased and cancelled an additional \$8,000,000 of its Bonds.

During FY2018, the Company repurchased and cancelled a further \$17,250,000 of its Bonds.

As at 31 December 2018, the Company has a balance of \$117.75 million (31 December 2017: \$135 million) in aggregated principal amount of Bonds.

	<b>As at</b>	
	<b>31-Dec-18 \$'000</b>	<b>31-Dec-17 \$'000</b>
Borrowings - Bonds	117,750	135,000
Bonds issuance expenses (net)	(99)	(507)
Bonds at amortised cost	<u>117,651</u>	<u>134,493</u>
Total bonds issuance expenses incurred	2,181	2,181
Accumulated amortisation	(2,043)	(1,629)
Amortisation on bonds repurchased during the year	(39)	(45)
Bonds issuance expenses (net)	<u>99</u>	<u>507</u>

The Company recently announced that the Group has obtained a long-term bank loan facility to fully redeem the remaining outstanding Bonds maturing on 17 April 2019. Please refer to the Company's announcement to SGX-ST on 31 January 2019 for further details.

- 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 STATEMENT OF CASH FLOWS**

	<b>GROUP</b>	
	<b>For the year ended</b>	<b>31-Dec-17</b>
	<b>31-Dec-18</b>	<b>31-Dec-17</b>
	<b>\$'000</b>	<b>\$'000</b>
	<b>(Restated)</b>	
<b>Cash flows from operating activities</b>		
Profit before taxation	9,351	8,440
Adjustments for:		
Depreciation and amortisation expenses	10,085	10,361
Loss on disposal of plant and equipment	38	1
Fair value loss on bonds repurchased	93	108
Finance costs - Bonds	7,029	7,614
Interest income	(385)	(277)
<b>Operating profit before working capital changes</b>	<b>26,211</b>	<b>26,247</b>
Decrease in inventories	21	38
Decrease in trade receivables	120	40
Decrease in other receivables, deposits and prepayments	10	160
Decrease/(increase) in non-current deposits	77	(20)
Decrease in trade payables, other payables and liabilities, and fees received in advance	(1,686)	(2,000)
<b>Cash generated from operations</b>	<b>24,753</b>	<b>24,465</b>
Interest received	385	277
Income tax paid	(51)	(51)
<b>Net cash generated from operating activities</b>	<b>25,087</b>	<b>24,691</b>
<b>Cash flows from investing activities</b>		
Additions of intangible assets	(363)	(414)
Acquisition of property, plant and equipment	(1,179)	(737)
Proceeds from disposal of plant and equipment	78	65
<b>Net cash used in investing activities</b>	<b>(1,464)</b>	<b>(1,086)</b>
<b>Cash flows from financing activities</b>		
Bond interest paid and expensed	(6,512)	(7,227)
Dividends paid	(11,423)	(8,567)
Bonds repurchased	(17,639)	(8,135)
<b>Net cash used in financing activities</b>	<b>(35,574)</b>	<b>(23,929)</b>
Net decrease in cash and cash equivalents	(11,951)	(324)
Cash and cash equivalents at beginning of the year	53,584	53,908
<b>Cash and cash equivalents at end of the year</b>	<b>41,633</b>	<b>53,584</b>

- 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	
	(Restated)				(Note #)	
<b>GROUP</b>						
<b>2018</b>						
Balance at 1 January 2018	99,253	74,456	(26,169)	1	(26,170)	147,540
Profit net of tax	-	6,907	-	-	-	6,907
Other comprehensive income for the year	-	-	+	+	-	+
Total comprehensive income for the year	-	6,907	+	+	-	6,907
Distribution to owners						
Dividends	-	(11,423)	-	-	-	(11,423)
Total transactions with owners in their capacity as owners	-	(11,423)	-	-	-	(11,423)
Balance at 31 December 2018	99,253	69,940	(26,169)	1	(26,170)	143,024
<b>2017</b>						
Balance at 1 January 2017	99,253	78,631	(26,169)	1	(26,170)	151,715
Retrospective adoption of SFRS(I) 15 (See Note 5)	-	(1,846)	-			(1,846)
Balance at 1 January 2017	99,253	76,785	(26,169)	1	(26,170)	149,869
Profit net of tax	-	6,238	-	-	-	6,238
Other comprehensive income for the year	-	-	+	+	-	+
Total comprehensive income for the year	-	6,238	+	+	-	6,238
Distribution to owners						
Dividends	-	(8,567)	-	-	-	(8,567)
Total transactions with owners in their capacity as owners	-	(8,567)	-	-	-	(8,567)
Balance at 31 December 2017	99,253	74,456	(26,169)	1	(26,170)	147,540

+ 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 \$'000	Revenue reserve \$'000	Total equity \$'000
<b>COMPANY</b>			
<b>2018</b>			
Balance at 1 January 2018	99,253	3,602	102,855
Profit net of tax	-	25,600	25,600
Total comprehensive income for the year	-	25,600	25,600
Distribution to owners			
Dividends	-	(11,423)	(11,423)
Total transactions with owners in their capacity as owners	-	(11,423)	(11,423)
Balance at 31 December 2018	99,253	17,779	117,032
<b>2017</b>			
Balance at 1 January 2017	99,253	11,831	111,084
Profit net of tax	-	338	338
Total comprehensive income for the year	-	338	338
Distribution to owners			
Dividends	-	(8,567)	(8,567)
Total transactions with owners in their capacity as owners	-	(8,567)	(8,567)
Balance at 31 December 2017	99,253	3,602	102,855

**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 31 December 2018, the Company has no outstanding convertibles (31 December 2017: nil).

As at 31 December 2018, the Company has no treasury shares (31 December 2017: nil) and no subsidiary holdings (31 December 2017: nil).

	<b>Company</b>
	No of shares
At 31 December 2018 and 31 December 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>31-Dec-18</u>	<u>31-Dec-17</u>
Total number of issued shares	415,363,548	415,363,548

**1d(iv) A statement showing all sales, transfers, disposal, 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 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 2017, except for the adoption of the new and revised Financial Reporting Standards (FRS) which became effective for the financial year beginning on or after 1 January 2018.

**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.**

Singapore-incorporated companies listed on the Singapore Exchange are required to apply a new financial reporting framework identical to the International Financial Reporting Standards, Singapore Financial Reporting Standards (International) [SFRS(I)s], for annual periods beginning on or after 1 January 2018.

The Group has adopted SFRS(I)s on 1 January 2018 and has prepared its first set of financial information under SFRS(I)s for the year ended 31 December 2018.

The adoption of the new framework did not give rise to any significant changes to the financial performance or position of the Group except for the following:

- Adoption of SFRS(I) 15 Revenue from Contracts with Customers

The Group previously recorded registration fee at the date when the student's application was accepted by the School. Under SFRS(I) 15, registration fee is recognised over the average student life in the School.

The following comparative figures that have been restated with significant impact arising from the adoption of SFRS(I) 15 described above are summarized below:

<b>Consolidated Statement of Comprehensive Income</b>	<b>GROUP For the year ended 31-Dec-17</b>	
	<b>Reported under SFRS \$'000</b>	<b>Restated under SFRS(I) \$'000</b>
Registration fees	1,107	1,342
Net profit for the period	6,003	6,238
Other comprehensive income for the period, net of tax	+	+
Total comprehensive income for the period	6,003	6,238
Attributable to: Owners of the Company	6,003	6,238



<b>Group Balance Sheets</b>	<b>As at 31-Dec-17 reported under SFRS \$'000</b>	<b>Effect of transition to SFRS(I) \$'000</b>	<b>As at 31-Dec-17 restated under SFRS(I) \$'000</b>	<b>As at 1-Jan-17 reported under SFRS \$'000</b>	<b>Effect of transition to SFRS(I) \$'000</b>	<b>As at 1-Jan-17 restated under SFRS(I) \$'000</b>
<b>Current liabilities</b>						
Fees received in advance	28,361	961	29,322	30,753	1,102	31,855
<b>NET CURRENT ASSETS</b>	22,129		21,168	20,865		19,763
<b>Non-current liabilities</b>						
Fees received in advance	-	650	650	-	744	744
<b>NET ASSETS</b>	149,151		147,540	151,715		149,869
<b>Equity</b>						
Revenue reserve	76,067	(1,611)	74,456	78,631	(1,846)	76,785
<b>TOTAL EQUITY</b>	149,151		147,540	151,715		149,869

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.

	<b>GROUP</b>	
	<b>For the year ended 31-Dec-18 cents</b>	<b>31-Dec-17 cents (Restated)</b>
<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	1.7	1.5
On a fully diluted basis	1.7	1.5
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.

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>As at 31-Dec-18 cents</b>	<b>As at 31-Dec-17 cents (Restated)</b>	<b>As at 31-Dec-18 cents</b>	<b>As at 31-Dec-17 cents</b>
Net asset value per ordinary share based on issued share capital at the end of the period reported on	34.4	35.5	28.2	24.8

- 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 \$83.08 million for the financial year ended 31 December 2018 (FY 2018) compared to \$86.84 million for the last financial year (FY 2017). The decrease in total revenue was due to weaker student enrolments in the current financial year being reported on.

Details of revenue lines are as follows:

Revenue from tuition fees was lower at \$80.34 million in FY 2018 compared to \$84.02 million in FY 2017.

Revenue from registration fees was \$1.19 million in FY 2018 compared to \$1.34 million in FY 2017.

School shop revenue was \$0.58 million in FY 2018 compared to \$0.61 million in FY 2017.

Enrichment programme revenue was \$0.55 million in FY 2018 comparable to \$0.54 million in FY 2017.

Interest income was \$0.39 million in FY 2018 compared to \$0.28 million in FY 2017. Other revenue was \$0.03 million in FY 2018 compared to \$0.04 million in FY 2017.

Total expenses before depreciation and amortisation was lower at \$63.64 million in FY 2018 compared to \$68.04 million in FY 2017. The Group benefitted mainly from lower personnel expenses and savings on interest cost from the repurchase of the Company's Bonds as explained below.

Personnel expenses decreased to \$47.35 million in FY 2018 from \$51.17 million in FY 2017. Current level of personnel expenses has become the 'new normal' due to rightsizing measures undertaken in the past couple of years to reduce personnel expenses in line with weaker student enrolments.

School shop costs were \$0.36 million in FY 2018 comparable to \$0.37 million in FY 2017.

Enrichment programme costs were \$0.38 million in FY 2018 and FY 2017.

Utilities expenses were higher at \$0.95 million in FY 2018 compared to \$0.81 million in FY 2017 due to trending up of the wholesale electricity tariffs.

Upkeep and maintenance expenses were lower at \$1.48 million in FY 2018 compared to \$1.80 million in FY 2017.

Finance costs on Bonds were reduced to \$7.03 million in FY 2018 from \$7.61 million in FY 2017. The decrease was due to savings on interest cost from the repurchase of the Company's Bonds. Information on the repurchase of the Company's Bonds is disclosed in paragraph 1b(ii) above.

Other operating expenses were \$6.10 million in FY 2018 compared to \$5.91 million in FY 2017.

Depreciation and amortisation expenses were lower at \$10.09 million in FY 2018 compared to \$10.36 million in FY 2017.

Profit before taxation ended higher at \$9.35 million in FY 2018 compared to \$8.44 million in FY 2017, an increase of 10.8% over the last financial year.

Income tax expense was \$2.44 million in FY 2018 compared to \$2.20 million in FY 2017. The FY 2018 income tax expense comprised of provision for current tax of \$2.18 million and accrual of net deferred tax liabilities of \$0.27 million. The income tax expense in FY 2017 comprised of mainly accrual of net deferred tax liabilities of \$2.15 million. The net deferred tax liabilities arose due to the recognition of the tax effect on temporary differences between the net book value and the tax-written-down value of qualifying assets.

Net profit after taxation for FY 2018 ended higher at \$6.91 million compared to \$6.24 million for FY 2017, an improvement of 10.7% over the last financial year.

### **Review of Group Balance Sheet as at 31 December 2018**

Total property, plant and equipment at 31 December 2018 amounted to \$258.12 million compared to \$266.63 million at 31 December 2017. The decrease of \$8.51 million was due mainly to the depreciation charge for the reporting period, offset by the additions made in 2018.

Inventories of school uniforms, books and stationery supplies for sale at the school shop were \$0.41 million at 31 December 2018 compared to \$0.43 million at 31 December 2017.

Trade receivables comprised amounts attributable to tuition fees, registration fees, school shop revenue and other revenue. Trade receivables balance at 31 December 2018 was lower at \$1.05 million as compared to \$1.17 million at 31 December 2017, due mainly to the timing of collection of the receivables for the reporting period.

Total Deposits, Staff housing deposits and Other receivables and deposits were lower at \$0.75 million as at 31 December 2018, compared to \$0.80 million as at 31 December 2017.

The Group's cash and bank balances amounted to \$41.63 million at 31 December 2018 and \$53.58 million at 31 December 2017. The net decrease was due to cash movements in investing and financing activities, as explained in the Review of Group cash flow below.

Trade and other payables and liabilities were lower at \$1.08 million at 31 December 2018 compared to \$1.78 million at 31 December 2017, due mainly to timing of payments of operating expenses.

Total fees received in advance (current and non-current) was \$29.09 million at 31 December 2018 and \$29.97 million at 31 December 2017. The total fees received in advance comprised registration fees and tuition fees collected for the next semester which commenced in January 2019.

Borrowing - Bonds. The remaining outstanding \$117.75 million Bonds due on 17 April 2019 was reclassified as current liabilities. The Company recently announced that the Group has obtained a long-term bank loan facility to fully redeem the remaining outstanding Bonds. Please refer to the Company's announcement to SGX-ST on 31 January 2019 for further details .

Bonds - Interest payable at 31 December 2018 was for the interest accrued on the remaining balance of \$117.75 million bonds at 5.20% p.a. for the period from 17 October to 31 December 2018. Bonds - Interest payable at 31 December 2017 was for the interest accrued on \$135 million Bonds for the same comparative period last year. Information on the repurchase of the Bonds is disclosed in paragraph 1b(ii) above.

Goods and Services Tax payable of \$2.55 million and \$2.66 million at 31 December 2018 and 31 December 2017 respectively arose mainly from the billing of next semester's tuition fees.

Deferred tax liabilities amounted to \$7.92 million at 31 December 2018 compared to \$7.66 million at 31 December 2017. 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 year ended 31 December 2018**

The net cash generated from operating activities in FY 2018 was \$25.09 million, which consisted of cash inflow from operating profit before working capital changes of \$26.21 million, net working capital outflow of \$1.46 million, interest received of \$0.39 million and income tax paid of \$0.05 million.

The above-mentioned net working capital outflow of \$1.46 million arose mainly from cash outflow relating to the decrease in trade and other payables and liabilities and fees received in advance of \$1.69 million, offset by the cash inflow from the decrease in inventories, trade receivables, other receivables and deposits and prepayments and non-current deposits.

The net cash used in investing activities of \$1.46 million in FY 2018 was mainly due to additions of property, plant and equipment of \$1.18 million.

The net cash outflow in financing activities of \$35.57 million was for the payment of bond interest (\$6.51 million), the payment of the final dividend in respect of FY 2017 in May 2018 (\$11.42 million) and the repurchase of Bonds (\$17.64 million).

**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 Company recently announced that the Group has obtained a long-term bank loan facility to fully redeem the remaining outstanding Bonds maturing on 17 April 2019. Please refer to the Company's announcement to SGX-ST on 31 January 2019 for further details.

The Group remains cautious and expects the current operating environment for foreign system schools (FSS) to remain challenging.

The Group continues to focus on delivering quality school programmes, and has increased our student recruitment efforts and developed more channels to attract student enrolments. The Group continues to maintain a conservative stance on expenditure.

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**

There is no FY2018 interim dividend paid in the current financial year.

The final dividend declared for the current financial year FY 2018 is as follows:

Name of dividend	FY 2018 Final Dividend (proposed)
Dividend type	Cash
Dividend rate	S\$0.0275 per share
Tax rate	Tax-exempt (one-tier)
Date payable	17 May 2019

**Date Payable**

The proposed FY 2018 Final Dividend shall be payable on 17 May 2019.

**Books closure date**

Registrable transfers received by the Company's Registrar, M&C Services Private Limited, of 112 Robinson Road, #05-01, Singapore 068902 up to 5.00 p.m. on 8 May 2019 will be registered before entitlements to the FY 2018 Final Dividend are determined.

Notice is hereby given that the share registers will be closed on 9 May 2019 for the preparation of dividend warrants.

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

Name of dividend	FY 2017 Final Dividend
Dividend type	Cash
Dividend rate	S\$0.0275 per share
Tax rate	Tax-exempt (one-tier)
Date paid	17 May 2018

The total annual dividends paid in the financial year ended 31 December 2018 and 31 December 2017 were as follows:

	31-Dec-18	31-Dec-17
	\$'000	\$'000
Final exempt (one-tier) dividend for previous financial year: \$0.0275 per share (2017: \$0.020625 per share)	11,423	8,567

12 **If no dividend has been declared/ recommended, a statement to that effect and the reason(s) for the decision.**

Not applicable.

13 **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.

14 **Segmented revenue and results for business or geographical 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 Company and its subsidiaries operate in Singapore in one business segment as determined in accordance with FRS 108, to provide education under a foreign education system. All revenue and expenses, and more than 99% of its assets and liabilities are derived from operations in Singapore.

15 **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

This has been addressed in paragraph 14.

16 **A breakdown of sales**

	31-Dec-18 \$'000	GROUP 31-Dec-17 \$'000 (Restated)	Change %
Sales reported for the first half year	42,671	44,687	(4.5)
Operating profit after tax before deducting non-controlling interests reported for the first half year	3,718	2,922	27.2
Sales reported for the second half year	40,406	42,150	(4.1)
Operating profit after tax before deducting non-controlling interests reported for the second half year	3,189	3,316	(3.8)

17 **Disclosure of person occupying a 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 (13).**

Name	Age	Family relationship with any director and/or chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Ms. Chee Jingying, Joyce	34	Daughter of Executive Director, Ms. Wong Lok Hiong	Student Recruitment Manager since 2014 in Overseas Family School Limited. Responsible for active recruitment of new students and overseeing the Student Recruitment Department.	Not Applicable

18 **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 school campus at 81 Pasir Ris Heights.

19 **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  
13 February 2019