

# Overseas Education Limited

Company Registration No: 201131905D

## UNAUDITED THIRD 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			GROUP			Change %	Change %
	Third Quarter ended		Change %	Nine Months ended		Change %		
	30-Sep-18 \$'000	30-Sep-17 \$'000		30-Sep-18 \$'000	30-Sep-17 \$'000			
		(Restated)		(Restated)				
<b>Revenue</b>								
Tuition fees	19,354	20,242	(4.4)	60,783	96.7%	63,668	96.7%	(4.5)
Registration fees	293	331	(11.5)	902	1.4%	1,025	1.6%	(12.0)
School shop revenue	345	365	(5.5)	513	0.8%	546	0.8%	(6.0)
Enrichment programme revenue	105	107	(1.9)	376	0.6%	358	0.6%	5.0
Interest income	115	83	38.6	300	0.5%	202	0.3%	48.5
Other revenue	7	13	(46.2)	16	0.0%	29	0.0%	(44.8)
<b>Total revenue</b>	<b>20,219</b>	<b>21,141</b>	<b>(4.4)</b>	<b>62,890</b>	<b>100.0%</b>	<b>65,828</b>	<b>100.0%</b>	<b>(4.5)</b>
<b>Expenses</b>								
Personnel expenses	11,616	12,440	(6.6)	35,717	56.8%	39,209	59.6%	(8.9)
School shop costs	213	219	(2.7)	314	0.5%	324	0.5%	(3.1)
Enrichment programme costs	87	78	11.5	271	0.4%	256	0.4%	5.9
Utilities	205	166	23.5	655	1.0%	588	0.9%	11.4
Upkeep and maintenance	425	576	(26.2)	1,148	1.8%	1,458	2.2%	(21.3)
Finance costs - Bonds	1,762	1,868	(5.7)	5,385	8.6%	5,745	8.7%	(6.3)
Other operating expenses	1,522	1,382	10.1	4,398	7.0%	4,476	6.8%	(1.7)
<b>Expenses before depreciation and amortisation</b>	<b>15,830</b>	<b>16,729</b>	<b>(5.4)</b>	<b>47,888</b>	<b>76.1%</b>	<b>52,056</b>	<b>79.1%</b>	<b>(8.0)</b>
<b>Profit before depreciation and amortisation</b>	<b>4,389</b>	<b>4,412</b>	<b>(0.5)</b>	<b>15,002</b>	<b>23.9%</b>	<b>13,772</b>	<b>20.9%</b>	<b>8.9</b>
Depreciation expenses								
- Leasehold land	310	310	0.0	928	1.5%	928	1.4%	0.0
- School buildings	914	914	0.0	2,742	4.4%	2,742	4.2%	0.0
- Other plant and equipment	1,148	1,197	(4.2)	3,525	5.6%	3,672	5.6%	(4.0)
Amortisation of intangible assets	125	146	(14.4)	391	0.6%	465	0.7%	(15.9)
	<b>2,497</b>	<b>2,567</b>	<b>(2.7)</b>	<b>7,586</b>	<b>12.1%</b>	<b>7,807</b>	<b>11.9%</b>	<b>(2.8)</b>
<b>Profit before taxation</b>	<b>1,892</b>	<b>1,845</b>	<b>2.5</b>	<b>7,416</b>	<b>11.8%</b>	<b>5,965</b>	<b>9.0%</b>	<b>24.3</b>
Income tax expense - current tax	(479)	(48)		(1,166)		(83)		
- deferred tax	(92)	(501)		(1,211)		(1,664)		
	<b>(571)</b>	<b>(549)</b>	<b>4.0</b>	<b>(2,377)</b>	<b>3.8%</b>	<b>(1,747)</b>	<b>2.6%</b>	<b>36.1</b>
<b>Net profit for the period</b>	<b>1,321</b>	<b>1,296</b>	<b>1.9</b>	<b>5,039</b>	<b>8.0%</b>	<b>4,218</b>	<b>6.4%</b>	<b>19.5</b>
Other comprehensive income for the period, net of tax	+	(+)	0.0	+		(+)		0.0
<b>Total comprehensive income for the period</b>	<b>1,321</b>	<b>1,296</b>	<b>1.9</b>	<b>5,039</b>	<b>8.0%</b>	<b>4,218</b>	<b>6.4%</b>	<b>19.5</b>
Attributable to:								
Owners of the Company	1,321	1,296	1.9	5,039	8.0%	4,218	6.4%	19.5
	<b>1,321</b>	<b>1,296</b>	<b>1.9</b>	<b>5,039</b>	<b>8.0%</b>	<b>4,218</b>	<b>6.4%</b>	<b>19.5</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			Group		
	Third Quarter ended			Nine Months ended		
	30-Sep-18	30-Sep-17	Change	30-Sep-18	30-Sep-17	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Allowance for doubtful debt	9	-	n.m.	28	138	(79.7)
Loss/(gain) on disposal of plant and equipment	3	(7)	n.m.	10	(5)	n.m.
Fair value loss on bonds repurchased	51	-	n.m.	99	108	(8.3)

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 30-Sep-18 \$'000	As at 31-Dec-17 \$'000 (Restated)	As at 1-Jan-17 \$'000 (Restated)	As at 30-Sep-18 \$'000	As at 31-Dec-17 \$'000
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment						
- Leasehold land		30,607	31,535	32,772	-	-
- School buildings		170,993	173,735	177,391	-	-
- Other plant and equipment		58,250	61,358	65,549	69	89
Intangible assets		1,965	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		163	245	255	-	-
Other long term asset		334	334	334	-	-
		<u>262,608</u>	<u>269,678</u>	<u>279,357</u>	<u>101,288</u>	<u>236,422</u>
<b>Current assets</b>						
Inventories		421	434	472	-	-
Trade receivables		1,251	1,167	1,207	-	-
Other receivables and deposits		297	271	379	12	12
Goods and Services Tax receivables		212	-	-	-	-
Amount owing by subsidiary		-	-	-	123,484	-
Bonds - Issuance expenses	1	188	393	416	188	393
Prepayments		1,610	1,000	1,052	28	16
Cash and cash equivalents		29,860	53,584	53,908	3,953	3,566
		<u>33,839</u>	<u>56,849</u>	<u>57,434</u>	<u>127,665</u>	<u>3,987</u>
<b>TOTAL ASSETS</b>		<u>296,447</u>	<u>326,527</u>	<u>336,791</u>	<u>228,953</u>	<u>240,409</u>
<b>EQUITY AND LIABILITIES</b>						
<b>Current liabilities</b>						
Trade payables		651	735	295	-	-
Other payables and liabilities		925	1,046	1,138	296	479
Fees received in advance		20,830	29,322	31,855	-	-
Borrowings - Bonds	1	119,000	-	-	119,000	-
Bonds - Interest payable		2,831	1,462	1,548	2,831	1,462
Amount due to subsidiary		-	-	-	-	385
Goods and Services Tax payable		57	2,657	2,362	57	52
Central Provident Fund payable		345	403	419	3	6
Income tax payable		1,171	56	54	58	56
		<u>145,810</u>	<u>35,681</u>	<u>37,671</u>	<u>122,245</u>	<u>2,440</u>
<b>NET CURRENT (LIABILITIES) / ASSETS</b>		(111,971)	21,168	19,763	5,420	1,547
<b>Non-current liabilities</b>						
Borrowings - Bonds	1	-	135,000	143,000	-	135,000
Fees received in advance		613	650	744	-	-
Other liabilities		-	-	-	-	114
Deferred tax liabilities	2	8,867	7,656	5,507	-	-
		<u>9,480</u>	<u>143,306</u>	<u>149,251</u>	<u>-</u>	<u>135,114</u>
<b>NET ASSETS</b>		<u>141,157</u>	<u>147,540</u>	<u>149,869</u>	<u>106,708</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		68,073	74,456	76,785	7,455	3,602
Other reserves		(26,169)	(26,169)	(26,169)	-	-
<b>TOTAL EQUITY</b>		<u>141,157</u>	<u>147,540</u>	<u>149,869</u>	<u>106,708</u>	<u>102,855</u>

	<b>GROUP</b>	
	<b>As at 30-Sep-18 \$'000</b>	<b>As at 31-Dec-17 \$'000</b>
Note 1:		
Borrowings - Bonds		
- Current liabilities	119,000	-
- Non-current liabilities	-	135,000
Bonds - Issuance expenses		
- Non-current assets	-	(114)
- Current assets	(188)	(393)
	<u>(188)</u>	<u>(507)</u>
Bonds at amortised cost	<u>118,812</u>	<u>134,493</u>

The Company repurchased, cancelled and delisted \$5,000,000 of its Bonds in the second quarter of FY 2018. The Company repurchased an additional \$11,000,000 of its Bond in the third quarter of FY 2018. Please refer to 1b(ii) for more information.

	<b>GROUP</b>	
	<b>As at 30-Sep-18 \$'000</b>	<b>As at 31-Dec-17 \$'000</b>
Note 2:		
Deferred tax liabilities		
Balance at beginning of the period / year	7,656	5,507
Movements during the period / year comprising:		
- Difference in net book value and tax-written-down-value of property, plant and equipment	576	1,903
- Utilised capital allowances	635	246
Deferred tax charged to P&L during the period / year	1,211	2,149
Balance at end of the period / year	<u>8,867</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, cancelled and delisted \$7,000,000 of its Bonds.

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

The Company repurchased, cancelled and delisted a further \$5,000,000 of its Bonds in the second quarter of FY 2018. The Company repurchased an additional \$11,000,000 of its Bond in the third quarter of FY 2018, and cancelled and delisted \$9,500,000 of the Bonds in the same third quarter FY 2018. The balance of the \$1,500,000 repurchased Bonds will be cancelled and delisted from SGX-ST before end of FY 2018.

As at 30 September 2018, the Company has a balance of \$119 million (31 December 2017: \$135 million) in aggregated principal amount of Bonds.

	<b>As at</b>	
	<b>30-Sep-18 \$'000</b>	<b>31-Dec-17 \$'000</b>
Borrowings - Bonds	119,000	135,000
Bonds - Issuance expenses	(188)	(507)
Bonds at amortised cost	<u>118,812</u>	<u>134,493</u>
Total bonds issuance expenses incurred	2,181	2,181
Accumulated amortisation	(1,956)	(1,629)
Amortisation of bonds repurchased during the period / year	(37)	(45)
Bonds issuance expenses (net)	<u>188</u>	<u>507</u>

The Group has negotiated an unsecured long-term bank loan facility to fully redeem the remaining outstanding Bonds maturing on 17 April 2019.

- 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	
	Third Quarter ended 30-Sep-18 \$'000	30-Sep-17 \$'000	Nine Months ended 30-Sep-18 \$'000	30-Sep-17 \$'000
		(Restated)		(Restated)
<b>Cash flows from operating activities</b>				
Profit before taxation	1,892	1,845	7,416	5,965
Adjustments for:				
Depreciation and amortisation expenses	2,497	2,567	7,586	7,807
Loss/(gain) on disposal of plant and equipment	3	(7)	10	(5)
Fair value loss on bonds repurchased	51	-	99	108
Finance costs - Bonds	1,762	1,868	5,385	5,745
Interest income	(115)	(83)	(300)	(202)
<b>Operating profit before working capital changes</b>	<b>6,090</b>	<b>6,190</b>	<b>20,196</b>	<b>19,418</b>
Decrease in inventories	23	50	13	23
Decrease/(increase) in trade receivables	865	1,339	(84)	220
Increase in other receivables, deposits and prepayments	(836)	(675)	(848)	(730)
Decrease/(increase) in non-current deposits	38	68	65	(48)
Increase/(decrease) in trade payables, other payables, liabilities and fees received in advance	3,034	1,762	(11,392)	(12,184)
<b>Cash generated from operations</b>	<b>9,214</b>	<b>8,734</b>	<b>7,950</b>	<b>6,699</b>
Interest received	115	83	300	202
Income tax paid	-	-	(51)	(45)
<b>Net cash generated from operating activities</b>	<b>9,329</b>	<b>8,817</b>	<b>8,199</b>	<b>6,856</b>
<b>Cash flows from investing activities</b>				
Additions of intangible assets	(84)	(93)	(278)	(296)
Acquisition of property, plant and equipment	(69)	(146)	(458)	(345)
Proceeds from disposal of plant and equipment	21	18	30	49
<b>Net cash used in investing activities</b>	<b>(132)</b>	<b>(221)</b>	<b>(706)</b>	<b>(592)</b>
<b>Cash flows from financing activities</b>				
Bond interest paid and expensed	-	-	(3,370)	(3,708)
Bonds repurchased	(11,259)	-	(16,425)	(8,136)
Dividends paid	-	-	(11,422)	(8,567)
<b>Net cash used in financing activities</b>	<b>(11,259)</b>	<b>-</b>	<b>(31,217)</b>	<b>(20,411)</b>
Net (decrease)/increase in cash and cash equivalents	(2,062)	8,596	(23,724)	(14,147)
Cash and cash equivalents at beginning of the period	31,922	31,165	53,584	53,908
<b>Cash and cash equivalents at end of the period</b>	<b>29,860</b>	<b>39,761</b>	<b>29,860</b>	<b>39,761</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	-	1,942	-	-	-	1,942
Other comprehensive income for the period	-	-	(+)	(+)	-	(+)
Total comprehensive income for the period	-	1,942	(+)	(+)	-	1,942
Balance at 31 March 2018 and 1 April 2018	99,253	76,398	(26,169)	1	(26,170)	149,482
Profit net of tax	-	1,776	-	-	-	1,776
Other comprehensive income for the period	-	-	+	+	-	+
Total comprehensive income for the period	-	1,776	+	+	-	1,776
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 2018 and 1 July 2018	99,253	66,752	(26,169)	1	(26,170)	139,836
Profit net of tax	-	1,321	-	-	-	1,321
Other comprehensive income for the period	-	-	+	+	-	+
Total comprehensive income for the period	-	1,321	+	+	-	1,321
Balance at 30 September 2018	99,253	68,073	(26,169)	1	(26,170)	141,157
<b>2017</b>						
Balance at 31 December 2016	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	-	1,554	-	-	-	1,554
Other comprehensive income for the period	-	-	-	(+)	-	(+)
Total comprehensive income for the period	-	1,554	-	(+)	-	1,554
Balance at 31 March 2017 and 1 April 2017	99,253	78,339	(26,169)	1	(26,170)	151,423
Profit net of tax	-	1,368	-	-	-	1,368
Other comprehensive income for the period	-	-	(+)	(+)	-	(+)
Total comprehensive income for the period	-	1,368	(+)	(+)	-	1,368
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 and 1 July 2017	99,253	71,140	(26,169)	1	(26,170)	144,224
Profit net of tax	-	1,296	-	-	-	1,296
Other comprehensive income for the period	-	-	-	(+)	-	(+)
Total comprehensive income for the period	-	1,296	-	(+)	-	1,296
Balance at 30 September 2017	99,253	72,436	(26,169)	1	(26,170)	145,520

+ 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)**

	<b>Attributable to owners of the Company</b>		
	<b>Share capital \$'000</b>	<b>Revenue reserve \$'000</b>	<b>Total equity \$'000</b>
<b>COMPANY</b>			
<b>2018</b>			
Balance at 1 January 2018	99,253	3,602	102,855
Profit net of tax	-	15,125	15,125
Total comprehensive income for the period	-	15,125	15,125
Balance at 31 March 2018 and 1 April 2018	99,253	18,727	117,980
Profit net of tax	-	51	51
Total comprehensive income for the period	-	51	51
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 2018 and 1 July 2018	99,253	7,356	106,609
Profit net of tax	-	99	99
Total comprehensive income for the period	-	99	99
Balance at 30 September 2018	99,253	7,455	106,708
<b>2017</b>			
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 and 1 July 2017	99,253	3,410	102,663
Profit net of tax	-	128	128
Total comprehensive income for the period	-	128	128
Balance at 30 September 2017	99,253	3,538	102,791

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 September 2018, the Company has no outstanding convertibles (30 September 2017: nil).

As at 30 September 2018, the Company has no treasury shares (30 September 2017: nil) and no subsidiary holdings (30 September 2017: nil).

	<b>Company</b>
	No of shares
At 31 December 2017, 31 March 2018, 30 June 2018 and 30 September 2018	<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	
	30-Sep-18	31-Dec-17
Total number of issued shares	415,363,548	415,363,548

- 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.

- 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 quarter ended 31 March 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:



Consolidated Statement of Comprehensive Income	GROUP Third Quarter ended 30-Sep-17		GROUP Nine Months ended 30-Sep-17	
	Reported under SFRS	Restated under SFRS(I)	Reported under SFRS	Restated under SFRS(I)
	\$'000	\$'000	\$'000	\$'000
Registration fees	211	331	877	1,025
<b>Net profit for the period</b>	<b>1,176</b>	<b>1,296</b>	<b>4,070</b>	<b>4,218</b>
Other comprehensive income for the period, net of tax	(+)	(+)	(+)	(+)
Total comprehensive income for the period	<u>1,176</u>	<u>1,296</u>	<u>4,070</u>	<u>4,218</u>
Attributable to: Owners of the Company	<u>1,176</u>	<u>1,296</u>	<u>4,070</u>	<u>4,218</u>

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

**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.**

Earnings per ordinary share of the Group for the financial period based on net profit attributable to shareholders:	GROUP Third Quarter ended 30-Sep-18		GROUP Nine Months ended 30-Sep-18	
	cents	cents (Restated)	cents	cents (Restated)
Based on weighted average number of ordinary shares on issue	<u>0.3</u>	<u>0.3</u>	<u>1.2</u>	<u>1.0</u>
On a fully diluted basis	<u>0.3</u>	<u>0.3</u>	<u>1.2</u>	<u>1.0</u>
Weighted average number of ordinary shares for basic and diluted earnings per share computation	<u>415,363,548</u>	<u>415,363,548</u>	<u>415,363,548</u>	<u>415,363,548</u>

**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.**

Net asset value per ordinary share based on issued share capital at the end of the period reported on	GROUP		COMPANY	
	As at 30-Sep-18 cents	As at 31-Dec-17 cents (Restated)	As at 30-Sep-18 cents	As at 31-Dec-17 cents
	<u>34.0</u>	<u>35.5</u>	<u>25.7</u>	<u>24.8</u>

**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 \$20.22 million and \$62.89 million for the third quarter ended 30 September 2018 (Q3 2018) and the nine months ended 30 September 2018 (9M 2018) respectively. The decrease in total revenue compared to corresponding periods last year was due to the lower student enrolments compared to the same periods last year.

Details of revenue lines are as follows:

Revenue from tuition fees was lower at \$19.35 million in Q3 2018 compared to \$20.24 million in Q3 2017. The nine-month tuition fees was lower at \$60.78 million in 9M 2018 compared to 63.67 million in 9M 2017.

Revenue from registration fees was S\$0.29 million in Q3 2018 compared to \$0.33 million in Q3 2017. The nine-month registration fees revenue was lower at \$0.90 million in 9M 2018 compared to \$1.03 million in 9M 2017.

School shop revenue at \$0.35 million in Q3 2018 and \$0.51 million in 9M 2018 were comparable with the corresponding periods last year.

Enrichment programme revenue at \$0.11 million in Q3 2018 and \$0.38 million in 9M 2018 were comparable with the corresponding periods last year.

Interest income was higher at \$0.12 million in Q3 2018 compared to \$0.08 million in Q3 2017. Similarly, interest income ended higher at \$0.30 million in 9M 2018 compared to \$0.20 million in 9M 2017.

Total operating expenses before depreciation and amortisation was lower at \$15.83 million in Q3 2018 compared to \$16.73 million in Q3 2017. Similarly, the nine-month total operating expenses before depreciation and amortisation was also lower at \$47.89 million in 9M 2018 compared to \$52.06 million in 9M 2017. The Group benefitted mainly from lower personnel expenses and savings on interest cost as explained below.

Personnel expenses decreased to \$11.62 million in Q3 2018 from \$12.44 million in Q3 2017, and the nine-month personnel expenses decreased to \$35.72 million in 9M 2018 from \$39.21 million in 9M 2017. The decrease was due to rightsizing measures to reduce personnel expenses in line with the lower student enrolments.

Utilities expenses were higher at \$0.21 million and \$0.66 million in Q3 2018 and 9M 2018 respectively, compared to \$0.17 million and \$0.59 million in the corresponding periods of last year due to fluctuations in the wholesale electricity tariffs.

Upkeep and maintenance expenses were lower at \$0.43 million in Q3 2018 and \$1.15 million in 9M 2018, compared to \$0.58 million and \$1.46 million in the corresponding periods of Q3 2017 and 9M 2017.

Finance costs on Bonds were reduced to \$1.76 million in Q3 2018 and \$5.39 million in 9M 2018 from \$1.87 million and \$5.75 million in Q3 2017 and 9M 2017 respectively, due to savings on interest cost from the repurchase of further \$5,000,000 Bonds in Q2 2018 and \$11,000,000 Bonds in Q3 2018. Information on the repurchase of the Bonds is disclosed in paragraph 1b(ii) above.

Other operating expenses were higher at \$1.52 million in Q3 2018 compared to \$1.38 million in Q3 2017. However, the nine-month other operating expenses were lower at \$4.40 million in 9M 2018 compared to \$4.48 million in 9M 2017.

Depreciation and amortisation expenses were \$2.50 million and \$7.59 million in Q3 2018 and 9M 2018 respectively, compared to \$2.57 million and \$7.81 million in the corresponding periods of Q3 2017 and 9M 2017.

Profit before taxation ended marginally higher at \$1.89 million for Q3 2018 compared to \$1.85 million in Q3 2017. The nine-month profit before taxation similarly ended higher at \$7.42 million for 9M 2018 compared to \$5.97 million for 9M 2017.

Income tax expense for Q3 2018 and 9M 2018 were \$0.57 million and \$2.38 million respectively. The Q3 2018 income tax expense comprised of provision for current tax of \$0.48 million and accrual of net deferred tax liabilities of \$0.09 million. The 9M 2018 income tax expense comprised of provision for current tax of \$1.17 million and accrual of net deferred tax liabilities of \$1.21 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. The income tax expense for the previous Q3 2017 and 9M 2017 were \$0.55 million and \$1.75 million respectively.

Net profit after taxation for Q3 2018 ended higher at \$1.32 million compared to \$1.30 million for Q3 2017. Profit after taxation for 9M 2018 also ended higher at \$5.04 million for 9M 2018 compared to \$4.22 million for 9M 2017.

## Review of Group Balance Sheet as at 30 September 2018

Total property, plant and equipment at 30 September 2018 amounted to \$259.85 million compared to \$266.63 million at 31 December 2017. The decrease of \$6.78 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 \$0.42 million at 30 September 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. The increase of \$0.08 million at the end of Q3 2018 from 31 December 2017 was due mainly to the timing of collection of the receivables for the reporting period.

Prepayments increased by \$0.61 million due to the timing of prepaid expenses incurred at the start of each new academic year.

The Group's cash and bank balances amounted to \$29.86 million at 30 September 2018 and \$53.58 million at 31 December 2017. The decrease was due to cash used in investing and financing activities, as explained in the review of Group cash flow below.

Trade and other payables and liabilities were lower at \$1.58 million at 30 September 2018 compared to \$1.78 million at 31 December 2017 due to timing of payments of operating expenses.

Total fees received in advance (current and non-current) decreased to \$21.44 million at 30 September 2018 from \$29.97 million at 31 December 2017. The total fees received in advance at 30 September 2018 comprised registration fees and tuition fees collected for the first semester which started in August 2018, less fees recognised in Q3 2018. The fees received in advance at 31 December 2017 were for registration fees and tuition fees collected for the second semester which commenced in January 2018.

Borrowings - Bonds. The remaining outstanding \$119 million Bonds due on 17 April 2019 was reclassified as current liabilities. The Group has negotiated an unsecured long-term bank loan facility to fully redeem the remaining outstanding Bonds maturing on 17 April 2019.

Bonds - Interest payable at 30 September 2018 was for the interest accrued on the remaining balance of \$119 million Bonds at 5.20% p.a. for the period from 17 April 2018 to 30 September 2018. Bonds - Interest payable at 31 December 2017 was for the interest accrued on \$135 million Bonds for the period from 17 October 2017 to 31 December 2017.

Deferred tax liabilities amounted to \$8.87 million at 30 September 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 third quarter ended 30 September 2018

In Q3 2018, the net cash generated from operating activities was \$9.33 million, which consisted of cash inflow from operating profit before working capital changes of \$6.09 million, net working capital inflow of \$3.12 million and interest received of \$0.12 million.

The above-mentioned net working capital inflow of \$3.12 million arose mainly from cash inflow relating to the increase in trade payables, other payables, liabilities and fees received in advance of \$3.03 million. There was also cash inflow from the decrease in trade receivables of \$0.87 million, offset by the cash outflow from the increase in other receivables, deposits and prepayments of \$0.84 million.

The net cash used in financing activities of \$31.22 million in 9M 2018 was for the payment of bond interest of \$3.37 million in April 2018, bonds repurchased of \$16.43 million and payment of the final dividend of \$11.42 million in respect of FY 2017 in May 2018.

**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 Group wishes to inform that the Group has negotiated an unsecured long-term bank loan facility to fully redeem the remaining outstanding Bonds maturing on 17 April 2019. The Group expects to finalise the bank facility letter before year-end.

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 maintains a conservative stance on expenditure, and will continue to rightsize personnel expenses as and when necessary 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 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 third quarter and nine months' financial results ended 30 September 2018 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  
14 November 2018