

Overseas Education Limited

Company Registration No: 201131905D

UNAUDITED FIRST 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		Change %
	31-Mar-18 \$'000	First Quarter ended 31-Mar-17 \$'000 (Restated)	
Revenue			
Tuition fees	20,551	96.9% 21,540	97.1% (4.6)
Registration fees	313	1.5% 351	1.6% (10.8)
School shop revenue	95	0.4% 104	0.5% (8.7)
Enrichment programme revenue	141	0.7% 122	0.5% 15.6
Interest income	115	0.5% 73	0.3% 57.5
Other revenue	3	0.0% 4	0.0% (25.0)
Total revenue	21,218	100.0% 22,194	100.0% (4.4)
Expenses			
Personnel expenses	11,958	56.4% 13,252	59.7% (9.8)
School shop costs	47	0.2% 61	0.3% (23.0)
Enrichment programme costs	90	0.4% 93	0.4% (3.2)
Utilities	192	0.9% 212	1.0% (9.4)
Upkeep and maintenance	357	1.7% 438	2.0% (18.5)
Finance costs - Bonds	1,828	8.6% 1,936	8.7% (5.6)
Other operating expenses	1,364	6.4% 1,444	6.5% (5.5)
Expenses before depreciation and amortisation	15,836	74.6% 17,436	78.6% (9.2)
Profit before depreciation and amortisation	5,382	25.4% 4,758	21.4% 13.1
Depreciation expenses			
- Leasehold land	309	1.5% 309	1.4% 0.0
- School buildings	914	4.3% 914	4.1% 0.0
- Other plant and equipment	1,194	5.6% 1,241	5.6% (3.8)
Amortisation of intangible assets	135	0.6% 160	0.7% (15.6)
	2,552	12.0% 2,624	11.8% (2.7)
Profit before taxation	2,830	13.4% 2,134	9.6% 32.6
Income tax expense - current tax	(31)	(15)	
- deferred tax	(857)	(565)	
	(888)	4.2% (580)	2.6% 53.1
Net profit for the period	1,942	9.2% 1,554	7.0% 25.0
Other comprehensive income for the period, net of tax	(+)	(+)	0.0
Total comprehensive income for the period	1,942	9.2% 1,554	7.0% 25.0
Attributable to:			
Owners of the Company	1,942	9.2% 1,554	7.0% 25.0
	1,942	9.2% 1,554	7.0% 25.0

n.m. - Not meaningful

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

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

	Group		
	First Quarter ended		Change
	31-Mar-18	31-Mar-17	%
	\$'000	\$'000	
Loss on disposal of plant and equipment	3	12	(75.0)

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

BALANCE SHEETS

	Note	GROUP			COMPANY	
		As at 31-Mar-18 \$'000	As at 31-Dec-17 \$'000 (Restated)	As at 1-Jan-17 \$'000 (Restated)	As at 31-Mar-18 \$'000	As at 31-Dec-17 \$'000
ASSETS						
Non-current assets						
Property, plant and equipment						
- Leasehold land		31,226	31,535	32,772	-	-
- School buildings		172,821	173,735	177,391	-	-
- Other plant and equipment		60,388	61,358	65,549	82	89
Intangible assets		2,056	2,078	2,270	-	-
Investment in subsidiaries		-	-	-	101,219	101,219
Inter-company loan to subsidiary		-	-	-	135,000	135,000
Bonds - Issuance expenses	1	17	114	537	17	114
Deposits		279	279	249	-	-
Staff housing deposits		269	245	255	-	-
Other long term asset		334	334	334	-	-
		<u>267,390</u>	<u>269,678</u>	<u>279,357</u>	<u>236,318</u>	<u>236,422</u>
Current assets						
Inventories		410	434	472	-	-
Trade receivables		1,032	1,167	1,207	-	-
Other receivables and deposits		268	271	379	12	12
Goods and Services Tax receivable		58	-	-	-	-
Amount owing by subsidiary		-	-	-	1,346	-
Bonds - Issuance expenses	1	393	393	416	393	393
Prepayments		2,056	1,000	1,052	43	16
Cash and cash equivalents		49,514	53,584	53,908	18,691	3,566
		<u>53,731</u>	<u>56,849</u>	<u>57,434</u>	<u>20,485</u>	<u>3,987</u>
TOTAL ASSETS		<u>321,121</u>	<u>326,527</u>	<u>336,791</u>	<u>256,803</u>	<u>240,409</u>
EQUITY AND LIABILITIES						
Current liabilities						
Trade payables		590	735	295	-	-
Other payables and liabilities		1,050	1,046	1,138	477	479
Fees received in advance		22,182	29,322	31,855	-	-
Amount owing to subsidiary		-	-	-	-	385
Bonds - Interest payable		3,193	1,462	1,548	3,193	1,462
Goods and Services Tax payable		55	2,657	2,362	55	52
Central Provident Fund payable		334	403	419	6	6
Income tax payable		88	56	54	75	56
		<u>27,492</u>	<u>35,681</u>	<u>37,671</u>	<u>3,806</u>	<u>2,440</u>
NET CURRENT ASSETS		26,239	21,168	19,763	16,679	1,547
Non-current liabilities						
Borrowings - Bonds	1	135,000	135,000	143,000	135,000	135,000
Fees received in advance		634	650	744	-	-
Other liabilities		-	-	-	17	114
Deferred tax liabilities	2	8,513	7,656	5,507	-	-
		<u>144,147</u>	<u>143,306</u>	<u>149,251</u>	<u>135,017</u>	<u>135,114</u>
NET ASSETS		<u>149,482</u>	<u>147,540</u>	<u>149,869</u>	<u>117,980</u>	<u>102,855</u>
Equity attributable to owners of the Company						
Share capital		99,253	99,253	99,253	99,253	99,253
Revenue reserve		76,398	74,456	76,785	18,727	3,602
Other reserves		(26,169)	(26,169)	(26,169)	-	-
TOTAL EQUITY		<u>149,482</u>	<u>147,540</u>	<u>149,869</u>	<u>117,980</u>	<u>102,855</u>

	GROUP	
	As at 31-Mar-18 \$'000	As at 31-Dec-17 \$'000
Note 1:		
Borrowings - Bonds	135,000	135,000
Bonds - Issuance expenses		
- Non-current assets	(17)	(114)
- Current assets	(393)	(393)
	<u>(410)</u>	<u>(507)</u>
Bonds at amortised cost	<u>134,590</u>	<u>134,493</u>

	GROUP	
	As at 31-Mar-18 \$'000	As at 31-Dec-17 \$'000
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	222	1,903
- Unabsorbed capital allowances	635	246
Deferred tax charged to P&L during the period / year	<u>857</u>	<u>2,149</u>
Balance at end of the period / year	<u>8,513</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.

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

	As at	
	31-Mar-18	31-Dec-17
	\$'000	\$'000
Borrowings - Bonds	135,000	135,000
Bonds issuance expenses	(410)	(507)
Bonds at amortised cost	<u>134,590</u>	<u>134,493</u>
Total bonds issuance expenses incurred	2,181	2,181
Accumulated amortisation	(1,771)	(1,674)
Bonds issuance expenses (net)	<u>410</u>	<u>507</u>

Event occurring after the reporting period

In April 2018, the Company repurchased, cancelled and delisted a further \$5,000,000 of its Bonds.

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	
	First Quarter ended	
	31-Mar-18	31-Mar-17
	\$'000	\$'000
		(Restated)
Cash flows from operating activities		
Profit before taxation	2,830	2,134
Adjustments for:		
Depreciation and amortisation expenses	2,552	2,624
Loss on disposal of plant and equipment	3	12
Finance costs - Bonds	1,828	1,936
Interest income	(115)	(73)
Operating profit before working capital changes	<u>7,098</u>	<u>6,633</u>
Decrease in inventories	24	32
Decrease in trade receivables	135	310
Increase in other receivables, deposits and prepayments	(1,111)	(1,214)
Increase in non-current deposits	(24)	(56)
Decrease in trade payables, other payables, liabilities and fees received in advance (current and non-current)	(9,967)	(10,983)
Cash used in operations	<u>(3,845)</u>	<u>(5,278)</u>
Interest received	115	73
Net cash used in operating activities	<u>(3,730)</u>	<u>(5,205)</u>
Cash flows from investing activities		
Additions of intangible assets	(113)	(102)
Acquisition of property, plant and equipment	(227)	(43)
Proceeds from disposal of plant and equipment	-	20
Net cash used in investing activities	<u>(340)</u>	<u>(125)</u>
Net decrease in cash and cash equivalents	(4,070)	(5,330)
Cash and cash equivalents at beginning of the period	<u>53,584</u>	<u>53,908</u>
Cash and cash equivalents at end of the period	<u>49,514</u>	<u>48,578</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	
GROUP	(Restated)			(Note #)		
2018						
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	99,253	76,398	(26,169)	1	(26,170)	149,482
2017						
Balance at 31 December 2016	99,253	78,631	(26,169)	1	(26,170)	151,715
Restrospective 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	99,253	78,339	(26,169)	1	(26,170)	151,423

+ Amount lower than S\$1,000

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

	Attributable to owners of the Company		
	Share capital \$'000	Revenue reserve \$'000	Total equity \$'000
COMPANY			
2018			
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	99,253	18,727	117,980
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	99,253	11,948	111,201

- 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 March 2018, the Company has no outstanding convertibles (31 March 2017: nil).

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

Company

At 31 December 2017 and 31 March 2018	<table style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: right;">No of shares</td> </tr> <tr> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">415,363,548</td> </tr> </table>	No of shares	415,363,548
No of shares			
415,363,548			

- 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	
	31-Mar-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 is accepted by the School. Under SFRS(I) 15, this amount 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	First Quarter 2017	
	Reported under SFRS	Restated under SFRS(I)
	\$'000	\$'000
Registration fees	237	351
Net profit for the period	1,440	1,554
Other comprehensive income for the period, net of tax	(+)	(+)
Total comprehensive income for the period	<u>1,440</u>	<u>1,554</u>
Attributable to:		
Owners of the Company	<u>1,440</u>	<u>1,554</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
Current liabilities						
Fees received in advance	28,361	961	29,322	30,753	1,102	31,855
NET CURRENT ASSETS	22,129		21,168	20,865		19,763
Non-current liabilities						
Fees received in advance	-	650	650	-	744	744
NET ASSETS	149,151		147,540	151,715		149,869
Equity						
Revenue reserve	76,067	(1,611)	74,456	78,631	(1,846)	76,785
TOTAL EQUITY	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.

	GROUP	
	31-Mar-18 cents	31-Mar-17 cents (Restated)
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	<u>0.5</u>	<u>0.4</u>
On a fully diluted basis	<u>0.5</u>	<u>0.4</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>

- 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 31-Mar-18 cents	As at 31-Dec-17 cents	As at 31-Mar-18 cents	As at 31-Dec-17 cents
		(Restated)		
Net asset value per ordinary share based on issued share capital at the end of the period reported on	36.0	35.5	28.4	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 a total revenue of \$21.22 million for the first quarter ended 31 March 2018 (Q1 2018) compared to \$22.19 million for the corresponding quarter ended 31 March 2017 (Q1 2017). The overall decrease of 4.4% was due to the lower student enrolments compared to the same period last year.

Details of revenue lines are as follows:

Revenue from tuition fees was lower at \$20.55 million in Q1 2018 compared to \$21.54 million in Q1 2017.

Revenue from registration fees was \$0.31 million in Q1 2018 compared to \$0.35 million in Q1 2017.

School shop revenue was comparable at \$0.10 million in Q1 2018 and Q1 2017. Enrichment programme revenue was higher at \$0.14 million in Q1 2018 compared to \$0.12 million in Q1 2017.

Interest income was \$0.12 million in Q1 2018 compared to \$0.07 million in Q1 2017.

Total expenses before depreciation and amortisation was lower at \$15.84 million in Q1 2018 compared to \$17.44 million in Q1 2017. The Group benefitted mainly from lower personnel expenses and interest cost savings, and maintaining a conservative stance on the other operating expenditure as explained below.

Personnel expenses decreased to \$11.96 million in Q1 2018 from \$13.25 million in Q1 2017 due to rightsizing measures to reduce personnel expenses in line with the lower student enrolments.

Utilities expenses were lower at \$0.19 million in Q1 2018 compared to \$0.21 million in Q1 2017. Upkeep and maintenance expenses were also lower at \$0.36 million in Q1 2018 compared to \$0.44 million in Q1 2017.

Finance costs on Bonds were lower at \$1.83 million in Q1 2018 compared to \$1.94 million in Q1 2017 due to the interest cost savings from the repurchase of additional \$8,000,000 Bonds in FY2017. Information on the repurchase of the Bonds is disclosed in paragraph 1b(ii) above.

Other operating expenses were lower at \$1.36 million in Q1 2018 compared to \$1.44 million in Q1 2017.

Depreciation and amortisation expenses were lower at \$2.55 million in Q1 2018 compared to \$2.62 million in Q1 2017.

Profit before taxation ended higher at \$2.83 million in Q1 2018 compared to \$2.13 million in Q1 2017, an increase of 32.6% over the same period last year.

Income tax expense for Q1 2018 was \$0.89 million as compared to \$0.58 million in Q1 2017, comprised mainly of the accrual of net deferred tax liabilities of \$0.85 million in Q1 2018 and \$0.57 million in Q1 2017. The net deferred tax liabilities arose from the recognition of capital allowances on new assets acquired.

Net profit after taxation for Q1 2018 ended higher at \$1.94 million compared to \$1.55 million for Q1 2017, an improvement of 25.0% over the same period last year.

Review of Balance Sheet as at 31 March 2018

Total property, plant and equipment at 31 March 2018 amounted to \$264.44 million compared to \$266.63 million at 31 December 2017. The decrease of \$2.19 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 \$0.41 million at 31 March 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 March 2018 decreased to \$1.03 million due to collection of outstanding receivables at 31 December 2017.

Other receivables and deposits amount was constant at \$0.27 million at 31 March 2018 and at 31 December 2017.

Prepayments increased by \$1.06 million due to increase in prepaid expenses incurred at the beginning of the year.

The Group's cash and cash equivalents amounted to \$49.51 million at 31 March 2018 and \$53.58 million at 31 December 2017. The decrease was due to cash used in operating and investing activities as explained in the review of Group cash flow below.

Trade and other payables and liabilities were lower at \$1.64 million at 31 March 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 \$22.82 million at 31 March 2018 from \$29.97 million at 31 December 2017. The total fees received in advance at 31 December 2017 comprised of tuition fees collected before the commencement of the next semester and registration fees collected upon enrollment. The decrease was due to recognition of the tuition fees and registration fees as revenue over the duration of the course and over the average student life respectively. The recognition of registration fees over the average student life was adopted with effect from 1 January 2018 in accordance with SFRS(I) 15 - Revenue from Contracts with Customers. Please refer to Note 5 for more information.

Bonds - Interest Payable at 31 March 2018 was for the interest accrued on the remaining balance of \$135 million bonds at 5.20% p.a. for the period from 17 October 2017 to 31 March 2018. Bonds - Interest Payable at 31 December 2017 was for the bonds interest accrued on \$135 million bonds for the period from 17 October 2017 to 31 December 2017.

The GST payable of \$2.66 million at 31 December 2017 was mainly related to the billing of semester two 2017/2018 tuition fees and was paid in Q1 2018.

Deferred tax liabilities amounted to \$8.51 million at 31 March 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 first quarter ended 31 March 2018

The net cash used in operating activities in Q1 2018 was \$3.73 million, which consisted of cash inflow from operating activities before working capital changes of \$7.10 million, net working capital outflow of \$10.94 million and interest received of \$0.11 million.

The above-mentioned net working capital outflow of \$10.94 million arose mainly from the cash outflow relating to the decrease in trade payables, other payables, liabilities and fees received in advance (current and non-current) of \$9.97 million. There was also the cash outflow from the increase in other receivables, deposits and prepayments of \$1.11 million, offset by the cash inflow from trade receivables of \$0.14 million.

The net cash used in investing activities of \$0.34 million was for the capital expenditure in the normal course of business.

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 noted some degree of normalisation of student enrolment numbers from the latter part of last year. However, 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 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 first quarter financial results 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
7 May 2018