

# Overseas Education Limited

Company Registration No: 201131905D

## UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS

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

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

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

	GROUP		Change %		
	31-Mar-19 \$'000	First Quarter ended 31-Mar-18 \$'000			
<b>Revenue</b>					
Tuition fees	19,821	96.7%	20,551	96.9%	(3.6)
Registration fees	295	1.4%	313	1.5%	(5.8)
School shop revenue	108	0.5%	95	0.4%	13.7
Enrichment programme revenue	161	0.8%	141	0.7%	14.2
Interest income	117	0.6%	115	0.5%	1.7
Other revenue	4	0.0%	3	0.0%	33.3
<b>Total revenue</b>	<u>20,506</u>	100.0%	<u>21,218</u>	100.0%	(3.4)
<b>Expenses</b>					
Personnel expenses	10,638	51.9%	11,958	56.4%	(11.0)
School shop costs	55	0.3%	47	0.2%	17.0
Enrichment programme costs	110	0.5%	90	0.4%	22.2
Utilities	223	1.1%	192	0.9%	16.1
Upkeep and maintenance	338	1.6%	357	1.7%	(5.3)
Finance costs	1,617	7.9%	1,828	8.6%	(11.5)
Other operating expenses	1,398	6.8%	1,364	6.4%	2.5
<b>Expenses before depreciation and amortisation</b>	<u>14,379</u>	70.1%	<u>15,836</u>	74.6%	(9.2)
<b>Profit before depreciation and amortisation</b>	<b>6,127</b>	29.9%	<b>5,382</b>	25.4%	13.8
Depreciation expenses					
- Leasehold land	309	1.5%	309	1.5%	0.0
- School buildings	914	4.5%	914	4.3%	0.0
- Other plant and equipment	1,166	5.7%	1,194	5.6%	(2.3)
- Leased assets	788	3.8%	-	0.0%	n.m.
Amortisation of intangible assets	118	0.6%	135	0.6%	(12.6)
	<u>3,295</u>	16.1%	<u>2,552</u>	12.0%	29.1
<b>Profit before taxation</b>	<b>2,832</b>	13.8%	<b>2,830</b>	13.4%	0.1
Income tax expense - current tax	(747)		(31)		
- deferred tax	43		(857)		
	<u>(704)</u>	3.4%	<u>(888)</u>	4.2%	(20.7)
<b>Net profit for the period</b>	<u><b>2,128</b></u>	10.4%	<u><b>1,942</b></u>	9.2%	9.6
Other comprehensive income for the period, net of tax	(+)		(+)		0.0
<b>Total comprehensive income for the period</b>	<u><u><b>2,128</b></u></u>	10.4%	<u><u><b>1,942</b></u></u>	9.2%	9.6
Attributable to:					
Owners of the Company	2,128	10.4%	1,942	9.2%	9.6
	<u><u><b>2,128</b></u></u>	10.4%	<u><u><b>1,942</b></u></u>	9.2%	9.6

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-19	31-Mar-18	%
	\$'000	\$'000	
(Gain)/loss on disposal of plant and equipment	(2)	3	n.m.

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

**BALANCE SHEETS**

	GROUP		COMPANY	
	As at 31-Mar-19 \$'000	As at 31-Dec-18 \$'000	As at 31-Mar-19 \$'000	As at 31-Dec-18 \$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment				
- Leasehold land	29,989	30,298	-	-
- School buildings	169,079	170,079	-	-
- Other plant and equipment	56,713	57,739	24	27
- Leased assets	2,297	-	87	-
Intangible assets	1,910	1,931	-	-
Investment in subsidiaries	-	-	101,219	101,219
Deposits	296	296	-	-
Staff housing deposits	146	151	-	-
Other long term asset	334	334	-	-
	<u>260,764</u>	<u>260,828</u>	<u>101,330</u>	<u>101,246</u>
<b>Current assets</b>				
Inventories	413	413	-	-
Trade receivables	1,215	1,047	-	-
Other receivables and deposits	295	306	12	12
Goods and Services Tax receivable	58	-	-	-
Amount owing by subsidiary	-	-	120,688	129,179
Bonds - Issuance expenses	15	99	15	99
Prepayments	2,078	955	40	12
Cash and cash equivalents	37,656	41,633	16,160	5,864
	<u>41,730</u>	<u>44,453</u>	<u>136,915</u>	<u>135,166</u>
<b>TOTAL ASSETS</b>	<u>302,494</u>	<u>305,281</u>	<u>238,245</u>	<u>236,412</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables	479	318	-	-
Other payables and liabilities	708	761	106	181
Fees received in advance	21,492	28,454	-	-
Lease liabilities	1,854	-	40	-
Borrowings - Bonds	117,750	117,750	117,750	117,750
Bonds - Interest payable	2,785	1,275	2,785	1,275
Goods and Services Tax payable	56	2,548	56	60
Central Provident Fund payable	339	409	3	3
Income tax payable	2,930	2,183	162	111
	<u>148,393</u>	<u>153,698</u>	<u>120,902</u>	<u>119,380</u>
<b>NET CURRENT (LIABILITIES) / ASSETS</b>	(106,663)	(109,245)	16,013	15,786
<b>Non-current liabilities</b>				
Fees received in advance	650	637	-	-
Lease liabilities	420	-	47	-
Deferred tax liabilities	7,879	7,922	-	-
	<u>8,949</u>	<u>8,559</u>	<u>47</u>	<u>-</u>
<b>NET ASSETS</b>	<u>145,152</u>	<u>143,024</u>	<u>117,296</u>	<u>117,032</u>
<b>Equity attributable to owners of the Company</b>				
Share capital	99,253	99,253	99,253	99,253
Revenue reserve	72,068	69,940	18,043	17,779
Foreign currency translation reserve	1	1	-	-
Merger reserve	(26,170)	(26,170)	-	-
<b>TOTAL EQUITY</b>	<u>145,152</u>	<u>143,024</u>	<u>117,296</u>	<u>117,032</u>

	<b>GROUP</b>	
	<b>As at 31-Mar-19 \$'000</b>	<b>As at 31-Dec-18 \$'000</b>
Note 1:		
Borrowings - Bonds	117,750	117,750
Bonds - Issuance expenses		
- Current assets	(15)	(99)
Bonds at amortised cost	<u>117,735</u>	<u>117,651</u>

	<b>GROUP</b>	
	<b>As at 31-Mar-19 \$'000</b>	<b>As at 31-Dec-18 \$'000</b>
Note 2:		
Deferred tax liabilities		
Balance at beginning of the period / year	7,922	7,656
Movements during the period / year comprising:		
- Difference in provisions, unabsorbed capital allowances, and unearned registration fees	(2)	333
- Differences in depreciation and amortisation for tax purposes	(41)	(67)
Deferred tax charged to P&L during the period / year	(43)	266
Balance at end of the period / year	<u>7,879</u>	<u>7,922</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.

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

As at 31 March 2019, the Company has a balance of \$117.75 million (31 December 2018: \$117.75 million) in aggregated principal amount of Bonds.

	As at	
	31-Mar-19	31-Dec-18
	\$'000	\$'000
Borrowings - Bonds	117,750	117,750
Bonds issuance expenses (net)	(15)	(99)
Bonds at amortised cost	<u>117,735</u>	<u>117,651</u>
Total bonds issuance expenses incurred	2,181	2,181
Accumulated amortisation	(2,166)	(2,043)
Amortisation of bonds repurchased during the year	-	(39)
Bonds issuance expenses (net)	<u>15</u>	<u>99</u>

Event occurring after the reporting period

The Company's outstanding balance principal amount of S\$117.75 million of Bonds together with interest accrued thereon were redeemed on 17 April 2019, being the maturity date of the Bonds ("the Redemption"). The Group utilised the long-term bank loan facility of S\$117.75 million to fully redeem the outstanding Bonds with the accrued interest being funded by internal resources of the Company.

Following the Redemption, there were no outstanding Bonds, and the Bonds were delisted from the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST").

Please refer to the Company's announcements to SGX-ST on 16 April 2019 and 31 January 2019 for further information.

- 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**

	<b>GROUP</b>	
	<b>First Quarter ended</b>	
	<b>31-Mar-19</b>	<b>31-Mar-18</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	2,832	2,830
Adjustments for:		
Depreciation and amortisation expenses	3,295	2,552
(Gain)/loss on disposal of plant and equipment	(2)	3
Finance costs	1,617	1,828
Interest income	(117)	(115)
<b>Operating profit before working capital changes</b>	<u>7,625</u>	<u>7,098</u>
Decrease in inventories	-	24
(Increase)/decrease in trade receivables	(168)	135
Increase in other receivables, deposits and prepayments	(1,170)	(1,111)
Decrease/(increase) in non-current deposits	5	(24)
Decrease in trade payables, other payables and liabilities, and fees received in advance (current and non-current)	<u>(9,406)</u>	<u>(9,967)</u>
<b>Cash used in operations</b>	<u>(3,114)</u>	<u>(3,845)</u>
Interest received	117	115
<b>Net cash used in operating activities</b>	<u>(2,997)</u>	<u>(3,730)</u>
<b>Cash flows from investing activities</b>		
Additions of intangible assets	(97)	(113)
Acquisition of property, plant and equipment	(52)	(227)
Proceeds from disposal of plant and equipment	2	-
<b>Net cash used in investing activities</b>	<u>(147)</u>	<u>(340)</u>
<b>Cash flows from financing activities</b>		
Lease payments	<u>(833)</u>	<u>-</u>
<b>Net cash used in financing activities</b>	<u>(833)</u>	<u>-</u>
Net decrease in cash and cash equivalents	(3,977)	(4,070)
Cash and cash equivalents at beginning of the period	41,633	53,584
<b>Cash and cash equivalents at end of the period</b>	<u>37,656</u>	<u>49,514</u>

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

#### STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company				
	Share capital \$'000	Revenue reserve \$'000	Foreign currency translation reserve \$'000	Merger reserve \$'000	Total equity \$'000
<b>GROUP</b>				(Note #)	
<b>2019</b>					
Balance at 1 January 2019	99,253	69,940	1	(26,170)	143,024
Profit net of tax	-	2,128	-	-	2,128
Other comprehensive income for the period	-	-	(+)	-	(+)
Total comprehensive income for the period	-	2,128	(+)	-	2,128
Balance at 31 March 2019	99,253	72,068	1	(26,170)	145,152
<b>2018</b>					
Balance at 1 January 2018	99,253	74,456	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	1	(26,170)	149,482
+ 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>2019</b>			
Balance at 1 January 2019	99,253	17,779	117,032
Profit net of tax	-	264	264
Total comprehensive income for the period	-	264	264
Balance at 31 March 2019	99,253	18,043	117,296
<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	99,253	18,727	117,980

- 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 2019, the Company has no outstanding convertibles (31 March 2018: nil).

As at 31 March 2019, the Company has no treasury shares (31 March 2018: nil) and no subsidiary holdings (31 March 2018: nil).

	<b>Company</b>
	No of shares
At 31 December 2018 and 31 March 2019	<u>415,363,548</u>

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

	<b>As at</b>	
	<u>31-Mar-19</u>	<u>31-Dec-18</u>
Total number of issued shares	<u>415,363,548</u>	<u>415,363,548</u>

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

Not applicable.

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

Not applicable.

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

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

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

Not applicable.

- 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 2018, except for the adoption of the new and revised Singapore Financial Reporting Standards (International) (SFRS(I)) which became effective for the financial year beginning on or after 1 January 2019.



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

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

Adoption of SFRS(I) 16 Leases

SFRS(I) 16 is effective for financial years beginning on or after 1 January 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

SFRS(I) 16 has resulted in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term leases and leases of low value assets. The accounting for lessors has not changed significantly.

Leased assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

The adoption of SFRS(I) 16 resulted in adjustments to the balance sheet of the Group as at 1 January 2019. The differences from the balance sheet as previously reported at 31 December 2018 are as follows:

	<u>GROUP</u>
	<u>1-Jan-19</u>
	<u>\$'000</u>
<u>Balance sheet</u>	
Increase in leased assets	2,949
Increase in lease liabilities - Current and Non-current	(2,949)

**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.**

	<u>GROUP</u>	
	<u>31-Mar-19</u>	<u>31-Mar-18</u>
	<u>cents</u>	<u>cents</u>
<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	0.5	0.5
On a fully diluted basis	0.5	0.5
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.**

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>
	<u>31-Mar-19</u>	<u>31-Dec-18</u>	<u>31-Mar-19</u>	<u>31-Dec-18</u>
	<u>cents</u>	<u>cents</u>	<u>cents</u>	<u>cents</u>
Net asset value per ordinary share based on issued share capital at the end of the period reported on	<u>34.9</u>	<u>34.4</u>	<u>28.2</u>	<u>28.2</u>

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 \$20.51 million for the first quarter ended 31 March 2019 (Q1 2019) compared to \$21.22 million for the corresponding quarter ended 31 March 2018 (Q1 2018). The overall decrease of 3.4% was due to weaker student enrolments compared to the same period last year.

Details of revenue lines are as follows:

Revenue from tuition fees was lower at \$19.82 million in Q1 2019 compared to \$20.55 million in Q1 2018.

Revenue from registration fees was \$0.30 million in Q1 2019 compared to \$0.31 million in Q1 2018.

School shop revenue was \$0.11 million in Q1 2019 compared to \$0.10 million in Q1 2018. Enrichment programme revenue was higher at \$0.16 million in Q1 2019 compared to \$0.14 million in Q1 2018.

Interest income was constant at \$0.12 million in Q1 2019 and Q1 2018.

Total expenses before depreciation and amortisation was lower at \$14.38 million in Q1 2019 compared to \$15.84 million in Q1 2018. The Group benefitted mainly from lower personnel expenses and savings on interest cost from the repurchase of the Company's Bonds in previous years as explained below.

Personnel expenses decreased to \$10.64 million in Q1 2019 from \$11.96 million in Q1 2018. The decrease was mainly due to the adoption of the new accounting standard SFRS(I) 16 Leases which required rentals on staff housing leases to be recognised on the balance sheet as leased assets and depreciate over the lease periods. Please refer to paragraph 5 for more information and the financial impact arising from the adoption of SFRS(I) 16 Leases.

School shop costs were constant at \$0.05 million in Q1 2019 and Q1 2018. Enrichment programme costs were higher at \$0.11 million in Q1 2019 compared to \$0.09 million in Q1 2018.

Utilities expenses were higher at \$0.22 million in Q1 2019 compared to \$0.19 million in Q1 2018. Upkeep and maintenance expenses were lower at \$0.34 million in Q1 2019 compared to \$0.36 million in Q1 2018.

Finance costs were lower at \$1.62 million in Q1 2019 compared to \$1.83 million in Q1 2018 due to the interest cost savings from the repurchase of the Company's Bonds in previous years. Information on the repurchase of the Bonds is disclosed in paragraph 1b(ii) above.

Other operating expenses were higher at \$1.40 million in Q1 2019 compared to \$1.36 million in Q1 2018.

Depreciation and amortisation expenses were higher at \$3.30 million in Q1 2019 compared to \$2.55 million in Q1 2018. The increase was due to the additional depreciation of \$0.79 million on leased assets arising from the adoption of SFRS(I) 16 Leases with effect from 1 January 2019. Please refer to paragraph 5 for more information and the financial impact arising from the adoption of SFRS(I) 16 Leases.

Profit before taxation was comparable at \$2.83 million in Q1 2019 and Q1 2018.

Income tax expense for Q1 2019 was \$0.70 million compared to \$0.89 million in Q1 2018. The Q1 2019 income tax expense comprised mainly the provision for current tax of \$0.75 million. The income tax expense in Q1 2018 comprised mainly the accrual of net deferred tax liabilities of \$0.86 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 Q1 2019 ended higher at \$2.13 million compared to \$1.94 million for Q1 2018, an improvement of 9.6% over the same period last year.

### **Review of Balance Sheet as at 31 March 2019**

Total property, plant and equipment at 31 March 2019 amounted to \$258.08 million compared to \$258.12 million at 31 December 2018. There was an additional \$2.30 million leased assets recognised in Q1 2019 which arose from the adoption of SFRS(I) 16 Leases as explained in paragraph 5 above.

Inventories for school uniforms, books and stationery supplies for sale at the school shop were constant at \$0.41 million at 31 March 2018 and 31 December 2018.

Trade receivables comprised amounts attributable to tuition fees, registration fees, school shop revenue and other revenue. Trade receivables balance at 31 March 2019 were higher at \$1.22 million as compared to \$1.05 million at 31 December 2018, due mainly to the timing of collection of the receivables for the reporting period.

Other receivables and deposits amount was comparable at \$0.30 million at 31 March 2019 and \$0.31 million at 31 December 2018.

Prepayments increased by \$1.12 million due to increase in prepaid expenses incurred at the beginning of the year.

The Group's cash and cash equivalents amounted to \$37.66 million at 31 March 2019 and \$41.63 million at 31 December 2018. The decrease was due to cash used in operating, investing and financing activities as explained in the review of Group cash flow below.

Trade and other payables and liabilities were higher at \$1.19 million at 31 March 2019 compared to \$1.08 million at 31 December 2018 due to timing of payments of operating expenses.

Total fees received in advance (current and non-current) decreased to \$22.14 million at 31 March 2019 from \$29.10 million at 31 December 2018. The total fees received in advance at 31 December 2018 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.

Lease liability (current and non-current) of \$2.27 million at 31 March 2019 arose from the adoption of SFRS(I) 16 Leases as explained in paragraph 5 above.

Bonds - Interest Payable at 31 March 2019 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 2018 to 31 March 2019. Bonds - Interest Payable at 31 December 2018 was for the bonds interest accrued on \$117.75 million bonds for the period from 17 October 2018 to 31 December 2018.

The GST payable of \$2.55 million at 31 December 2018 was mainly related to the billing of semester two 2018/2019 tuition fees and was paid in Q1 2019.

Deferred tax liabilities amounted to \$7.88 million at 31 March 2019 compared to \$7.92 million at 31 December 2018. 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 2019**

The net cash used in operating activities in Q1 2019 was \$3.00 million, which consisted of cash inflow from operating activities before working capital changes of \$7.63 million, net working capital outflow of \$10.75 million and interest received of \$0.12 million.

The above-mentioned net working capital outflow of \$10.75 million arose mainly from the cash outflow relating to the decrease in trade payables, other payables and liabilities and fees received in advance (current and non-current) of \$9.41 million. There was also the cash outflow from the increase in trade receivables, other receivables, deposits and prepayments of \$1.34 million.

The net cash used in investing activities of \$0.15 million was for the capital expenditure in the normal course of business.

The net cash used in financing activities of \$0.83 million was for the principal element of lease payments during the reporting period.

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

Not applicable.

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

The Company recently announced that the Company's outstanding balance principal amount of S\$117.75 million of Bonds together with interest accrued thereon were redeemed on 17 April 2019, being the maturity date of the Bonds ("the Redemption"). The Group utilised the long-term bank loan facility of S\$117.75 million to fully redeem the outstanding Bonds with the accrued interest being funded by internal resources of the Company.

Following the Redemption, there were no outstanding Bonds, and the Bonds were delisted from the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Please refer to the Company's announcements to SGX-ST on 16 April 2019 and 31 January 2019 for more information.

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**

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 school campus at 81 Pasir Ris Heights.

**15 Disclosure of confirmation of undertakings from Directors and Executive Officers pursuant to Rule 720(1) of the Listing Manual.**

The Company has procured undertakings on 16 February 2016 in the format set out in Appendix 7.7 from all its directors and executive officers under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

David Alan Perry  
Executive Chairman and Chief Executive Officer  
7 May 2019