

Overseas Education Limited

Company Registration No:201131905D

UNAUDITED FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

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

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

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

	GROUP		Change %
	31-Dec-12 \$'000	31-Dec-11 \$'000 (Note 1)	
Revenue			
Tuition fees	91,379	85,440	7.0
Registration fees	2,701	1,331	102.9
School bookshop sales	1,137	1,213	(6.3)
Enrichment programme revenue	811	814	(0.4)
Interest income	220	197	11.7
Other revenue	155	348	(55.5)
Total revenue	<u>96,403</u>	<u>89,343</u>	7.9
Operating expenses			
Personnel expenses	53,324	44,787	19.1
School lease rental	6,827	6,697	1.9
Depreciation and amortisation expenses	4,354	4,730	(7.9)
Management fees	-	2,570	n.m
Cost of goods sold	739	787	(6.1)
Enrichment programme cost	475	466	1.9
Utilities	910	888	2.5
Upkeep and maintenance	1,192	1,449	(17.7)
Other operating expenses	4,113	3,516	17.0
Total operating expenses	<u>71,934</u>	<u>65,890</u>	9.2
Profit before taxation	24,469	23,453	4.3
Income tax expense	(3,813)	(3,988)	(4.4)
Profit for the year	<u>20,656</u>	<u>19,465</u>	6.1
Other comprehensive income for the year, net of tax	(+)	+	0.0
Total comprehensive income for the year	<u>20,656</u>	<u>19,465</u>	6.1
Attributable to:			
Owners of the Company	20,656	19,465	6.1
Non-controlling interests	-	-	0.0
	<u>20,656</u>	<u>19,465</u>	6.1
n.m. -	Not meaningful		
+ -	Amount lower than S\$1,000		

Note 1 The combined financial statements of the Group as at 31 December 2011 have been prepared in accordance with the principles of merger accounting as the restructuring exercise completed in FY2011 was a legal reorganisation of entities under common control.

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

	Group		
	Financial year ended		
	31-Dec-12	31-Dec-11	Change
	\$'000	\$'000	%
Allowance for doubtful debt	6	33	(81.8)
Write-off for stock obsolescence	-	33	n.m
Overprovision of tax in respect of prior year	(176)	(166)	6.0
Loss on disposal of plant and equipment	52	322	(83.9)

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

BALANCE SHEETS

	GROUP		COMPANY	
	31-Dec-12	31-Dec-11	31-Dec-12	31-Dec-11
	\$'000	\$'000	\$'000	\$'000
	(Note 1)			
ASSETS				
Non-current assets				
Plant and equipment	8,917	10,411	174	-
Intangible assets	3,549	3,773	-	-
Investment in subsidiaries	-	-	31,219	31,219
Fee protection insurance deposits	2,024	2,016	-	-
School lease deposits	1,787	1,808	-	-
Staff housing deposits	398	281	-	-
	<u>16,675</u>	<u>18,289</u>	<u>31,393</u>	<u>31,219</u>
Current assets				
Inventories	567	579	-	-
Trade receivables	1,169	648	-	-
Other receivables and deposits	374	416	6	-
Prepayments	2,005	1,298	1,134	559
Cash and bank balances	2,456	7,629	723	4,265
Fixed deposits	92,000	72,000	12,000	-
	<u>98,571</u>	<u>82,570</u>	<u>13,863</u>	<u>4,824</u>
TOTAL ASSETS	<u>115,246</u>	<u>100,859</u>	<u>45,256</u>	<u>36,043</u>
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	205	309	-	-
Other payables	734	1,519	123	66
Amounts due to subsidiary	-	-	1,500	5,000
Fees received in advance	37,836	35,236	-	-
Goods and Services Tax payable	3,191	2,794	104	-
Central Provident Fund payable	448	441	32	32
Income tax payable	4,072	4,374	55	-
	<u>46,486</u>	<u>44,673</u>	<u>1,814</u>	<u>5,098</u>
NET CURRENT ASSETS/(LIABILITIES)	52,085	37,897	12,049	(274)
Non-current liabilities				
Deferred tax liabilities	1,328	1,410	-	-
	<u>67,432</u>	<u>54,776</u>	<u>43,442</u>	<u>30,945</u>
Net assets				
	<u>67,432</u>	<u>54,776</u>	<u>43,442</u>	<u>30,945</u>
Equity attributable to owners of the Company				
Share capital	31,219	31,219	31,219	31,219
Revenue reserve	22,382	9,726	12,223	(274)
Other reserves	13,831	13,831	-	-
	<u>67,432</u>	<u>54,776</u>	<u>43,442</u>	<u>30,945</u>

Note 1 The combined financial statements of the Group as at 31 December 2011 have been prepared in accordance with the principles of merger accounting as the restructuring exercise completed in FY2011 was a legal reorganisation of entities under common control.

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

There were no borrowings or debt securities as at the end of the financial year reported on or at the end of the immediately preceding financial year.

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	
	Financial year ended	
	31-Dec-12	31-Dec-11
	\$'000	\$'000
Cash flows from operating activities		
Profit before taxation	24,469	23,453
Adjustments for:		
Depreciation expenses	3,615	3,892
Amortisation expenses	739	838
Loss on disposal of plant and equipment	52	322
Write off of intangible assets	50	9
Interest income	(220)	(197)
Operating profit before working capital changes	28,705	28,317
Decrease/(increase) in inventories	12	(23)
(Increase)/decrease in trade receivables	(521)	103
Increase in other receivables, deposits and prepayment	(661)	(689)
(Increase)/decrease in non-current deposits	(104)	15
Increase in trade payables and other payables and fees received in advance	2,117	3,590
Cash generated from operations	29,548	31,313
Interest received	216	174
Income tax paid	(4,199)	(3,527)
Net cash generated from operating activities	25,565	27,960
Cash flows from investing activities		
Additions of intangible assets	(565)	(527)
Acquisition of plant and equipment	(2,386)	(3,034)
Proceeds from disposal of plant and equipment	213	210
Net cash used in investing activities	(2,738)	(3,351)
Cash flows from financing activities		
Decrease in receivables from director -related company	-	164
Dividends paid	(8,000)	(8,000)
Net cash used in financing activities	(8,000)	(7,836)
Net increase in cash and cash equivalents	14,827	16,773
Cash and cash equivalents at beginning of the year	79,629	62,856
Cash and cash equivalents at end of the year	94,456	79,629

- 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	Capital reserve \$'000	
GROUP							
2012							
Balance at 1 January 2012	31,219	9,726	13,831	1	(26,170)	40,000	54,776
Profit net of tax	-	20,656	-	-	-	-	20,656
Other comprehensive income for the year				(+)			
Total comprehensive income for the year	-	20,656	-	(+)	-	-	20,656
Dividends	-	(8,000)	-	-	-	-	(8,000)
Balance at 31 December 2012	31,219	22,382	13,831	1	(26,170)	40,000	67,432
2011							
Balance at 1 January 2011	5,049	8,261	30,001	1	-	30,000	43,311
Profit net of tax	-	19,465	-	-	-	-	19,465
Other comprehensive income for the year				+			
Total comprehensive income for the year	-	19,465	-	+	-	-	19,465
Adjustment resulting from restructuring	(5,049)	-	(26,170)	-	(26,170)	-	(31,219)
Issuance of new ordinary shares on incorporation	+	-	-	-	-	-	+
Issuance of ordinary shares due to restructuring	31,219	-	-	-	-	-	31,219
Transfer to capital reserve	-	(10,000)	10,000	-	-	10,000	-
Dividends	-	(8,000)	-	-	-	-	(8,000)
Balance at 31 December 2011	31,219	9,726	13,831	1	(26,170)	40,000	54,776

+ 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 the year, 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
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COMPANY

2012

Balance at 1 January 2012	31,219	(274)	30,945
Profit net of tax	-	20,497	20,497
Total comprehensive income for the year	-	20,497	20,497
Dividends	-	(8,000)	(8,000)
Balance at 31 December 2012	31,219	12,223	43,442

2011

Balance at 1 January 2011	-	-	-
Profit net of tax	-	(274)	(274)
Total comprehensive income for the year	-	(274)	(274)
Issuance of new ordinary shares on incorporation	+	-	+
Issuance of new ordinary shares due to restructuring	31,219	-	31,219
Balance at 31 December 2011	31,219	(274)	30,945

+ Amount lower than S\$1,000

- 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 also the number of shares that may be issued on conversion of all the outstanding convertibles 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.**

At an extraordinary general meeting held on 28 June 2012, the shareholders approved the sub-division of every 2 existing ordinary shares into 17 ordinary shares. As at 31 December 2012, the share capital of the Company comprised 265,363,548 ordinary shares.

As at 31 December 2012, the Company has no outstanding convertibles (2011:nil).

	Group and company	
	No of shares	
At 1 January 2012	31,219,241	
Share split via subdivision of every 2 existing ordinary shares into 17 ordinary shares	234,144,307	
At 31 December 2012	265,363,548	
Issuance of additional new ordinary shares pursuant to listing of the Company on SGX-ST	150,000,000	
At 8 March 2013	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-Dec-12	31-Dec-11
Total number of issued shares	265,363,548	31,219,241

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

Not applicable.

- 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 a 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 year compared with the audited financial statements as at 31 December 2011, except for the adoption of the new and revised Financial Reporting Standards (FRS) which become effective for the financial year beginning on or after 1 January 2012.

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

The adoption of the new and revised accounting standards referred to in paragraph 4 did not give rise to any significant changes to the financial statements.

- 6 **Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	GROUP	
	31-Dec-12	31-Dec-11
	cents	cents
Earnings per ordinary share of the group for the financial year based on net profit attributable to shareholders:		*
Based on weighted average number of ordinary shares on issue	<u>7.8</u>	<u>7.3</u>
On a fully diluted basis	<u>7.8</u>	<u>7.3</u>

- * For comparative purposes, earnings per ordinary share of the Group for financial year ended 31 December 2011 has been computed based on share capital of 265,363,548 shares (after share split).

- 7 **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) the current period reported on and (b) immediately preceding financial year.**

	GROUP		COMPANY	
	31-Dec-12	31-Dec-11	31-Dec-12	31-Dec-11
	cents	cents	cents	cents
Net asset value per ordinary share based on issued share capital at the end of the year reported on	<u>25.4</u>	<u>20.6</u>	<u>16.4</u>	<u>11.7</u>

- * For comparative purposes, net asset value per ordinary shares for 31 December 2011 has been computed based on share capital of 265,363,548 shares (after share split).

A review of the performance of the group, to the extent necessary for a reasonable understanding of the group' 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 cashflow, working capital assets or liabilities of the group during the current financial period reported on.

Review of performance

Review of Income statement

During the year ended 31 December 2012 (FY2012), total revenue increased by \$7.06 million from \$89.34 million in the financial year ended 31 December 2011 (FY2011) to \$96.40 million mainly due to increase in revenue from tuition fees and registration fees.

Tuition fees revenue increased by \$5.94 million from \$85.44 million in FY2011 to \$91.38 million in FY2012 mainly attributable to tuition fees increased by 8% to 15% across the School for the academic year that commenced in August 2012.

Revenue from registration fees increased from \$1.33 million to \$2.70 million, an increase of \$1.37 million, primarily due to the revision of the registration fee from \$1,000 to \$2,000 per student with effect from 9 March 2012, for all new students starting School in the academic year that commenced in August 2012.

Revenue from school bookshop sales remained stable at \$1.14 million in FY2012 as compared to \$1.21 million in FY2011. Enrichment programme revenue was unchanged at \$0.8 million in FY2012.

Interest income was relatively stable at \$0.22 million compared to \$0.20 million in FY2011. Other revenue decreased by \$0.19 million from \$0.35 million in FY2011 to \$0.16 million in FY2012. In FY2011, there was recognition of \$0.13 million unclaimed excess payments as other revenue, which comprised of overpayments and student refundable deposits which had been unclaimed and outstanding for more than 5 years. There was no such write backs during the current year.

In FY 2012, the total operating expenses increased by \$6.04 million from \$65.89 million in FY2011 to \$71.93 million, mainly due to personnel expenses.

Personnel expenses increased by \$8.53 million from \$44.79 million in FY2011 to \$53.32 million in FY2012. This was partially offset by the absence of management fees expenses in FY2012 after the termination of the Management Services Agreement with a director-related company, Master Projects Pte Ltd (the previous holding company of the Group's subsidiaries) on 30 November 2011 compared to \$2.57 million in FY2011. The increase in personnel expenses was mainly attributable to the increase in headcount, resulting in an increase in salaries, bonuses and CPF contribution of \$7.49 million and increase in other short term benefits of \$1.04 million.

Salaries, bonuses and CPF contributions increased by \$1.09 million arising from an increase in the number of academic personnel, in line with the increase in average student enrolment, \$2.82 million in salary adjustments made for all academic personnel including promotion-related adjustments and \$3.58 million for the transfer of administration staff previously employed by Master Projects Pte Ltd, to the Group pursuant to the termination of the Management Services Agreement with Masters Projects Pte Ltd.

Depreciation and amortisation expenses were lower by \$0.38 million from \$4.73 million in FY2011 to \$4.35 million in FY2012, on account of lower capital expenditure in FY2012.

Upkeep and maintenance expenses decreased by \$0.26 million in FY2012 from \$1.45 million to \$1.19 million. In FY2011, there were major painting maintenance works done on the School buildings.

Other operating expenses increased by \$0.59 million from \$3.52 million in FY2011 to \$4.11 million in FY2012. The increase was mainly attributable to directors' fees of \$0.42 million incurred in FY2012 following the appointment of additional directors upon incorporation of the Company on 28 October 2011 and the increase in professional fees of \$0.19 million mainly due to the IPO exercise.

Profit before taxation increased from \$23.45 million in FY2011 to \$24.47 million in FY2012, an increase of \$1.02 million.

Effective tax rate decreased from 17% to 15.6%, mainly due to an overprovision of \$176,000 in respect of prior year. Income tax expense decreased from \$3.99 million in FY 2011 to \$3.81 million in FY2012.

Profit after taxation rose from \$19.47 million in FY2011 to \$20.66 million in FY2012, an increase of \$1.19 million.

Review of Balance Sheet as at 31 December 2012

Plant and equipment decreased by \$1.49 million from \$10.41 million as at 31 December 2011 to \$8.92 million as at 31 December 2012 mainly due to lower capital expenditure incurred for school renovation and computer in FY2012 compared to FY2011.

Trade receivables increased by \$0.52 million mainly due to an increase in registration fees and tuition fees charged.

Prepayments increased by \$0.71 million which was mainly due to increase in prepaid IPO expenses of \$0.57 million.

There was a decrease in other payables of \$0.79 million mainly due to lower unclaimed excess payments as at 31 December 2012 in other creditors as the Group continued with its efforts to make refunds during the year.

Fees received in advance increased from \$35.24 million as at 31 December 2011 to \$37.84 million as at 31 December 2012, an increase of \$2.60 million which was mainly attributable to the upwards revision of tuition fees by between 8% to 15% across the School.

Review of group cashflow for the year ended 31 December 2012

In FY2012, net cash generated from operating activities was \$25.57 million, which consisted of cashflows from operating activities before working capital changes of \$28.71 million, net working capital inflow of \$0.84 million, interest received of \$0.22 million and income tax paid of \$4.20 million.

The net working inflow of \$0.84 million arose mainly from the increase in fees received in advance of \$2.60 million from the revision in the tuition fees across the School for the semester that commenced in August 2012. This was partially offset by the increase in trade receivables of \$0.52 million and increase in other receivables, deposits and prepayment of \$0.67 million which was mainly due to the increase in prepayment of IPO expenses of \$0.57 million and decrease in other payables of \$0.79 million as disclosed in the explanation for balance sheet movement as per above.

In FY2012, net cash outflow for investing activities of \$2.74 million was mainly due to acquisition of plant and equipment of \$2.39 million from capital expenditure for school renovation and initial professional fees expenditure for the new school site of \$0.54 million, computers of \$0.82 million, motor vehicles of \$0.56 million and other capital expenditures relating to school furnishings, school equipment, library books and media in aggregate of \$0.47 million as part of regular annual renewal and replacement process.

The net cash outflow from financing activities of \$8.00 million was due to the payment of an interim dividend in respect of FY2012.

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 results of the School operations may be affected by any changes in demand for student placements in, and the supply and capacity of, foreign system schools in Singapore. Inflationary pressures in Singapore could translate into higher personnel expenses and this being the largest component of the Group's operating expenses, and the ability to pass on any of such increase to the Clients may also affect the Group's operational results.

In addition, the Group's ability to increase the School's tuition fee rate will also affect the Group's results. For the academic year that commenced in August 2012, the tuition fees were increased by between 8% and 15% across the School.

11 Dividend

(a) Current financial period reported on

The particulars of the dividend declared for the current financial year are in the following:

Name of dividend	FY2012 Interim dividend	FY2012 final dividend (proposed)
Dividend type	Cash	Cash
Dividend rate	S\$0.26 per share *	S\$0.0275 per share
Tax rate	Tax-exempt (one-tier)	Tax-exempt (one-tier)
Date paid/payable	30 March 2012	21 May 2013

* The dividends were declared prior to the sub-division of shares during the year. The dividend per share is calculated based on 31,219,231 ordinary shares of the Company in issue as at date of declaration.

Date Payable

The proposed dividend shall be payable on 21 May 2013.

Books closure date

Registrable transfers received by the Company's Registrar, M&C Services Private Limited, of 112 Robinson Road, #05-01, Singapore 068902 up to 5.00 p.m on 9 May 2013 will be registered before entitlements to the dividend are determined.

Notice is hereby given that the share registers will be closed on 10 May 2013 for the preparation of dividend warrants.

(b) Corresponding period of the immediately preceding financial year

Name of dividend	FY2011 Interim dividend	FY2011 Interim dividend
Dividend type	Cash	Cash
Dividend rate	S\$0.60 per share **	S\$1.00 per share **
Tax rate	Tax-exempt (one-tier)	Tax-exempt (one-tier)
Date paid	31 January 2011	21 September 2011

** The dividends were declared by major subsidiary, Overseas Family School Limited prior to the restructuring exercise that took place in prior year. The dividends per share were calculated based on the number of ordinary shares of Overseas Family School Limited of 5,000,000 shares that were issued as at date of dividend declaration.

The total annual dividend for the financial year ended 31 December 2012 was \$19,422,498 (2011: S\$8.00 million).

12 If no dividend has been declared/ recommended, a statement to that effect.

Not applicable.

13 If the Group has obtained a general mandate from the shareholders for Interested Person Transactions (IPT), the aggregate value of such transactions as required under Rule 920(1) (a) (ii). If no IPT mandate has been obtained, a statement to that effect.

The group has not obtained a general mandate from shareholders for IPTs.

14 Segmented revenue and results for business or geographical segments(of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

The Company and its subsidiaries operate in Singapore in one business segment as determined in accordance with FRS 108, that of provision of education under a foreign education system. All revenue and expenses, and more than 99% of its assets and liabilities are derived from operations in Singapore.

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

This has been addressed in paragraph 14.

16 A breakdown of sales

	GROUP		
	31-Dec-12	31-Dec-11	Change
	\$'000	\$'000	%
Sales reported for the first half year	46,382	44,164	5.0
Operating profits after tax before deducting non-controlling interests reported for the first half year	9,385	10,843	(13.4)
Sales reported for the second half year	50,021	45,179	10.7
Operating profits after tax before deducting non-controlling interests reported for the second half year	11,271	8,622	30.7

17 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13).

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, no person occupying managerial positions in Overseas Education Limited (the "Company") or any of its principal subsidiaries is related to the Directors or Chief Executive Officer or Substantial Shareholders of the Company.

18 Disclosure of the status on the use of proceeds raised from IPO.

There is no usage of proceeds raised from the IPO yet.

BY ORDER OF THE BOARD

David Alan Perry
Executive Chairman and Chief Executive Officer
8 March, 2013

The initial public offering of the Company's shares was sponsored by United Overseas Bank Limited (the "Issue Manager"). The Issue Manager assumes no responsibility for the contents of this Announcement.