

# 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			30-Sep-13 \$'000	GROUP			Change %	
	Third Quarter ended		30-Sep-12 \$'000		Year to Date ended		30-Sep-12 \$'000		Change %
	30-Sep-13 \$'000	30-Sep-12 \$'000			30-Sep-13 \$'000	30-Sep-12 \$'000			
<b>Revenue</b>									
Tuition fees	24,443	23,359	4.6	73,449	95.2%	67,175	94.6%	9.3	
Registration fees	329	308	6.8	1,441	1.9%	1,983	2.8%	(27.3)	
School bookshop sales	730	700	4.3	1,070	1.4%	1,031	1.4%	3.8	
Enrichment programme revenue	202	190	6.3	691	0.9%	605	0.9%	14.2	
Interest income	122	64	90.6	370	0.5%	156	0.2%	137.2	
Other revenue	68	41	65.9	96	0.1%	94	0.1%	2.1	
<b>Total revenue</b>	<b>25,894</b>	<b>24,662</b>	<b>5.0</b>	<b>77,117</b>	<b>100.0%</b>	<b>71,044</b>	<b>100.0%</b>	<b>8.5</b>	
<b>Operating expenses</b>									
Personnel expenses	14,287	13,429	6.4	41,387	53.7%	39,721	55.9%	4.2	
School lease rental	1,708	1,735	(1.6)	5,123	6.6%	5,120	7.2%	0.1	
Depreciation and amortisation expenses	987	1,099	(10.2)	3,014	3.9%	3,291	4.6%	(8.4)	
Cost of goods sold	491	451	8.9	694	0.9%	656	0.9%	5.8	
Enrichment programme cost	97	83	16.9	378	0.5%	327	0.5%	15.6	
Utilities	136	166	(18.1)	535	0.7%	636	0.9%	(15.9)	
Upkeep and maintenance	309	643	(51.9)	944	1.2%	1,006	1.4%	(6.2)	
Other operating expenses	1,029	1,028	0.1	3,224	4.2%	2,948	4.2%	9.4	
Share subsidy for staff shareholders	-	-	0.0	1,081	1.4%	-	0.0%	n.m.	
<b>Total operating expenses</b>	<b>19,044</b>	<b>18,634</b>	<b>2.2</b>	<b>56,380</b>	<b>73.1%</b>	<b>53,705</b>	<b>75.6%</b>	<b>5.0</b>	
<b>Profit before taxation</b>	<b>6,850</b>	<b>6,028</b>	<b>13.6</b>	<b>20,737</b>	<b>26.9%</b>	<b>17,339</b>	<b>24.4%</b>	<b>19.6</b>	
Income tax expense	(1,202)	(851)	41.2	(3,624)	4.7%	(2,777)	3.9%	30.5	
<b>Profit for the period</b>	<b>5,648</b>	<b>5,177</b>	<b>9.1</b>	<b>17,113</b>	<b>22.2%</b>	<b>14,562</b>	<b>20.5%</b>	<b>17.5</b>	
Other comprehensive income for the period, net of tax	+	+	0.0	(+)		+		0.0	
<b>Total comprehensive income for the period</b>	<b>5,648</b>	<b>5,177</b>	<b>9.1</b>	<b>17,113</b>	<b>22.2%</b>	<b>14,562</b>	<b>20.5%</b>	<b>17.5</b>	
Attributable to:									
Owners of the Company	5,648	5,177	9.1	17,113	22.2%	14,562	20.5%	17.5	
	<b>5,648</b>	<b>5,177</b>	<b>9.1</b>	<b>17,113</b>	<b>22.2%</b>	<b>14,562</b>	<b>20.5%</b>	<b>17.5</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			Year to Date ended		
	30-Sep-13	30-Sep-12	Change	30-Sep-13	30-Sep-12	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Allowance for doubtful debt	26	-	n.m.	60	0	n.m.
Under provision of tax in respect of prior year	-	-	-	3	-	n.m.
Loss on disposal of plant and equipment	15	34	(55.9)	26	22	18.2
Share subsidy for staff shareholders (Note A)	-	-	-	1,081	-	n.m.

Note A: Relates to the share subsidy provided by the Group of \$0.096 per share which was a discount of 20% to the invitation price for each reserved share subscribed by the staff shareholders in the IPO.

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**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>30-Sep-13</b>	<b>31-Dec-12</b>	<b>30-Sep-13</b>	<b>31-Dec-12</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	48,380	8,917	228	174
Intangible assets	3,320	3,549	-	-
Investment in subsidiaries	-	-	31,219	31,219
Fee protection insurance deposits	2,031	2,024	-	-
School lease deposits	1,785	1,787	-	-
Staff housing deposits	301	398	-	-
	<u>55,817</u>	<u>16,675</u>	<u>31,447</u>	<u>31,393</u>
<b>Current assets</b>				
Inventories	649	567	-	-
Trade receivables	710	1,169	-	-
Other receivables and deposits	557	374	136	6
Goods and Services Tax receivable	1,138	-	-	-
Prepayments	1,829	2,005	20	1,134
Cash and bank balances	2,255	2,456	852	723
Fixed deposits	111,653	92,000	68,153	12,000
	<u>118,791</u>	<u>98,571</u>	<u>69,161</u>	<u>13,863</u>
<b>TOTAL ASSETS</b>	<u>174,608</u>	<u>115,246</u>	<u>100,608</u>	<u>45,256</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables	1,519	205	-	-
Other payables	1,138	734	198	123
Amounts due to subsidiary	-	-	-	1,500
Fees received in advance	25,422	37,836	-	-
Goods and Services Tax payable	50	3,191	50	104
Central Provident Fund payable	321	448	8	32
Income tax payable	3,861	4,072	28	55
	<u>32,311</u>	<u>46,486</u>	<u>284</u>	<u>1,814</u>
<b>NET CURRENT ASSETS</b>	86,480	52,085	68,877	12,049
<b>Non-current liabilities</b>				
Deferred tax liabilities	1,140	1,328	22	-
<b>Net assets</b>	<u>141,157</u>	<u>67,432</u>	<u>100,302</u>	<u>43,442</u>
<b>Equity attributable to owners of the Company</b>				
Share capital	99,253	31,219	99,253	31,219
Revenue reserve	28,073	22,382	1,049	12,223
Other reserves	13,831	13,831	-	-
	<u>141,157</u>	<u>67,432</u>	<u>100,302</u>	<u>43,442</u>

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 period 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		GROUP	
	Third Quarter ended 30-Sep-13	30-Sep-12	Year to Date ended 30-Sep-13	30-Sep-12
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
Profit before taxation	6,850	6,028	20,737	17,339
Adjustments for:				
Depreciation expenses	808	916	2,462	2,732
Amortisation expenses	179	183	552	559
Loss on disposal of plant and equipment	15	34	26	22
Interest income	(122)	(64)	(370)	(156)
<b>Operating profit before working capital changes</b>	<u>7,730</u>	<u>7,097</u>	<u>23,407</u>	<u>20,496</u>
Decrease/(increase) in inventories	0	33	(82)	(13)
Decrease in trade receivables	1,768	1,883	459	235
Increase in other receivables and deposits, GST receivables and prepayments	(1,953)	(1,228)	(991)	(1,988)
Decrease/(increase) in non-current deposits	58	(180)	93	(239)
Increase/(decrease) in trade payables, other payables, GST payables and fees received in advance	<u>6,139</u>	<u>599</u>	<u>(14,015)</u>	<u>(13,390)</u>
<b>Cash generated from operations</b>	<u>13,742</u>	<u>8,204</u>	<u>8,871</u>	<u>5,101</u>
Interest received	65	185	265	317
Income tax paid/(refund)	(2,007)	176	(4,022)	(4,198)
<b>Net cash generated from operating activities</b>	<u>11,800</u>	<u>8,565</u>	<u>5,114</u>	<u>1,220</u>
<b>Cash flows from investing activities</b>				
Additions of intangible assets	(77)	(115)	(322)	(425)
Acquisition of property, plant and equipment	(12,384)	(1,581)	(41,988)	(1,763)
Proceeds from disposal of plant and equipment	25	3	36	31
<b>Net cash used in investing activities</b>	<u>(12,436)</u>	<u>(1,693)</u>	<u>(42,274)</u>	<u>(2,157)</u>
<b>Cash flows from financing activities</b>				
Issuance of new ordinary shares on completion of IPO exercise	-	-	72,000	-
Share issuance expenses	-	-	(3,966)	-
Dividends paid	-	-	(11,422)	(8,000)
<b>Net cash generated from/(used in) financing activities</b>	<u>-</u>	<u>-</u>	<u>56,612</u>	<u>(8,000)</u>
Net (decrease)/increase in cash and cash equivalents	(636)	6,872	19,452	(8,937)
Cash and cash equivalents at beginning of the period	114,544	63,820	94,456	79,629
<b>Cash and cash equivalents at end of the period</b>	<u>113,908</u>	<u>70,692</u>	<u>113,908</u>	<u>70,692</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	Capital reserve \$'000	
<b>GROUP</b>							
<b>2013</b>							
Balance at 1 July 2013	99,253	22,425	13,831	1	(26,170)	40,000	135,509
Profit net of tax	-	5,648	-	-	-	-	5,648
Other comprehensive income for the period	-	-	-	(+)	-	-	(+)
Total comprehensive income for the period	-	5,648	-	(+)	-	-	5,648
Balance at 30 September 2013	99,253	28,073	13,831	1	(26,170)	40,000	141,157
					(Note #)		
Balance at 1 January 2013	31,219	22,382	13,831	1	(26,170)	40,000	67,432
Profit net of tax	-	17,113	-	-	-	-	17,113
Other comprehensive income for the period	-	-	-	+	-	-	+
Total comprehensive income for the period	-	17,113	-	+	-	-	17,113
Contributions by and distribution to owners							
Shares issued for Initial Public Offering	72,000	-	-	-	-	-	72,000
Share issuance expenses	(3,966)	-	-	-	-	-	(3,966)
Dividends	-	(11,422)	-	-	-	-	(11,422)
Total transactions with owners in their capacity as owners	68,034	(11,422)	-	-	-	-	56,612
Balance at 30 September 2013	99,253	28,073	13,831	1	(26,170)	40,000	141,157
<b>2012</b>							
Balance at 1 July 2012	31,219	11,111	13,831	1	(26,170)	40,000	56,161
Profit net of tax	-	5,177	-	-	-	-	5,177
Other comprehensive income for the period	-	-	-	(+)	-	-	(+)
Total comprehensive income for the period	-	5,177	-	(+)	-	-	5,177
Balance at 30 September 2012	31,219	16,288	13,831	1	(26,170)	40,000	61,338
Balance at 1 January 2012	31,219	9,726	13,831	1	(26,170)	40,000	54,776
Profit net of tax	-	14,562	-	-	-	-	14,562
Other comprehensive income for the period	-	-	-	(+)	-	-	(+)
Total comprehensive income for the period	-	14,562	-	(+)	-	-	14,562
Distribution to owners							
Dividends	-	(8,000)	-	-	-	-	(8,000)
Total transactions with owners in their capacity as owners	-	(8,000)	-	-	-	-	(8,000)
Balance at 30 September 2012	31,219	16,288	13,831	1	(26,170)	40,000	61,338

+ 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>2013</b>			
Balance at 1 July 2013	99,253	854	100,107
Profit net of tax	-	195	195
Total comprehensive income for the period	-	195	195
Balance at 30 September 2013	<u>99,253</u>	<u>1,049</u>	<u>100,302</u>
Balance at 1 January 2013	31,219	12,223	43,442
Profit net of tax	-	248	248
Total comprehensive income for the period	-	248	248
Contributions by owners			
Shares issued for Initial Public Offering	72,000	-	72,000
Share issuance expenses	(3,966)	-	(3,966)
Dividends	-	(11,422)	(11,422)
Total transactions with owners in their capacity as owners	68,034	(11,422)	56,612
Balance at 30 September 2013	<u>99,253</u>	<u>1,049</u>	<u>100,302</u>
<b>2012</b>			
Balance at 1 July 2012	31,219	262	31,481
Profit net of tax	-	532	532
Total comprehensive income for the period	-	532	532
Balance at 30 September 2012	<u>31,219</u>	<u>794</u>	<u>32,013</u>
Balance at 1 January 2012	31,219	(274)	30,945
Profit net of tax	-	9,068	9,068
Total comprehensive income for the period	-	9,068	9,068
Distribution to owners			
Dividends	-	(8,000)	(8,000)
Total transactions with owners in their capacity as owners	-	(8,000)	(8,000)
Balance at 30 September 2012	<u>31,219</u>	<u>794</u>	<u>32,013</u>

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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

As at 30 September 2013, the Company has no outstanding convertibles (30 September 2012 : nil).

	<b>Group and company</b>
At 1 January 2013	No of shares 265,363,548
Issuance of new ordinary shares pursuant to listing of the Company on SGX-ST	150,000,000
At 30 June 2013 and 30 Sep 2013	<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-13	31-Dec-12
Total number of issued shares	415,363,548	265,363,548

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

Not applicable.

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

The figures have not been audited or reviewed by the Company's 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 2012, except for the adoption of the new and revised Financial Reporting Standards (FRS) which become effective for the financial year beginning 1 January 2013.

- 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		GROUP	
	Third Quarter ended 30-Sep-13 cents	30-Sep-12 cents *	Year to Date Ended 30-Sep-13 cents	30-Sep-12 cents *
<b>Earnings per ordinary share of the Group for the financial period based on net profit attributable to shareholders:</b>				
Based on weighted average number of ordinary shares on issue	1.4	2.0	4.4	5.5
On a fully diluted basis	1.4	2.0	4.4	5.5

- \* For comparative purposes, earnings per ordinary share of the Group for period ended 30 September 2012 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 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	
	30-Sep-13 cents	31-Dec-12 cents	30-Sep-13 cents	31-Dec-12 cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	34.0	25.4	24.1	16.4

- 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**

Total revenue increased by \$1.23 million and \$6.07 million during the third quarter ended 30 September 2013 (Q3 2013) and the nine-month period ended 30 September 2013 (9M 2013) respectively. This was an improvement of 5.0% and 8.5% respectively as compared to the total revenue recorded in the third quarter ended 30 September 2012 (Q3 2012) and nine-month period ended 30 September 2012 (9M 2012). The higher revenue was mainly contributed by the uptrend in revenue from tuition fees.

Tuition fees revenue increased from \$23.36 million in Q3 2012 to \$24.44 million in Q3 2013. A similar trend was also recorded for the nine-month period where tuition fees increased from \$67.18 million in 9M 2012 to \$73.45 million in 9M 2013. The growth was mainly attributable to revision in rates of tuition fees across all grades of the School for the academic year that commenced in August 2013.

Revenue from registration fees improved by 6.8%, from \$0.31 million in Q3 2012 to \$0.33 million in Q3 2013 .

Revenue from school bookshop sales increased by 4.3%, from \$0.70 million in Q3 2012 to \$0.73 million in Q3 2013. Enrichment programme revenue increased from \$0.19 million in Q3 2012 to \$0.20 million in Q3 2013 as a result of higher enrichment fees in Q3 2013.

Interest income was higher at \$0.12 million in Q3 2013 as compared to \$0.06 million in Q3 2012. Interest earning deposits increased mainly due to the IPO proceeds received in the first quarter of 2013. Similarly, other revenue increased from \$41,000 in Q3 2012 to \$68,000 in Q3 2013.

In Q3 2013, total operating expenses increased by \$0.41 million (2.2%) from \$18.63 million in Q3 2012 to \$19.04 million. Correspondingly, total operating expenses grew by 5% for 9M 2013 as compared to 9M 2012, mainly due to higher personnel expenses, cost of goods sold and enrichment programme cost. This increase was offset by the reduction in depreciation and amortisation expenses, utilities and upkeep and maintenance.

Personnel expenses were \$14.29 million in Q3 2013 as compared to \$13.43 million in Q3 2012, an increase of \$0.86 million. For the nine-month period, personnel expenses grew by 4.2% in 2013 as compared to 2012. This was due to salary adjustments and increase in headcount of both administrative and academic staff, resulting in a rise in aggregate salaries and CPF contributions.

Depreciation and amortisation expenses of \$0.99 million were lower as compared to \$1.10 million in the corresponding period of Q3 2012 . This was due to more fixed assets (in particular renovations) being fully depreciated in the first half of 2013.

Utilities decreased from \$0.17 million in Q3 2012 to \$0.14 million in Q3 2013 due to lower tariff in 2013.

Upkeep and maintenance decreased by \$0.33 million in Q3 2013 as compared to the corresponding period in Q3 2012. The difference was mainly due to the fact that the re-painting of the school was done in Q2 of this year, whereas similar work was done in Q3 of the previous year.

Other operating expenses remained constant at \$1.03 million for both Q3 2013 and Q3 2012. For the nine-month period ended 30 September 2013, other operating expenses increased by 9.4%, mainly due to general increase in expenses.

Profit before taxation increased from \$6.03 million in Q3 2012 to \$6.85 million in Q3 2013, an increase of \$0.82 million. Consequently, profit before taxation improved by \$3.40 million in 9M 2013 (\$20.74 million) as compared to the corresponding period in 9M 2012 (\$17.34 million).

Effective tax rate for Q3 2013 was 17.5% as compared to 14.1% in Q3 2012. The lower effective tax rate in Q3 2012 was mainly due to a refund of \$176,000 received relating to FY2011.

Profit after taxation increased by \$0.47 million from \$5.18 million in Q3 2012 to \$5.65 million in Q3 2013. For 9M 2013, profit after taxation was \$17.11 million as compared to \$14.56 million for 9M 2012, an increase of \$2.55 million.

### **Review of Balance Sheet as at 30 September 2013**

Property, plant and equipment increased by \$39.46 million from \$8.92 million as at 31 December 2012 to \$48.38 million as at 30 September 2013, mainly due to the alienation premium of \$37.10 million (exclusive of Goods and Services Tax (GST) and stamp duty) paid on the land located at Pasir Ris Drive 3, Singapore for the development of the new school campus.

Trade receivables decreased by \$0.46 million mainly due to higher collection of outstanding tuition fees in Q3 2013.

As at 30 September 2013, the Group's cash and cash equivalents stood at \$113.91 million, up from \$94.46 million as at 31 December 2012. This was mainly contributed by the net proceeds from the issuance of shares pursuant to the IPO exercise in Q1 2013 and collection of tuition fees for the first semester of the academic year that started in August 2013, less the payment of alienation premium for the land.



The increase in trade payables of \$1.31 million as at 30 September 2013 was mainly due to accruals of expenditure relating to the construction of the new school campus.

Fees received in advance decreased from \$37.84 million as at 31 December 2012 to \$25.42 million as at 30 September 2013. The fees received in advance as at 31 December 2012 were for tuition fees due and collected for the second semester commencing in January 2013, while those as at 30 September 2013 were for tuition fees for the semester which started in August 2013, less tuition fees recognised in Q3 2013.

As at 30 September 2013, GST receivable was \$1.14 million and GST payable was \$50,000, as compared to GST payable of \$3.19 million as at 31 December 2012, the difference mainly due to a GST receivable of \$0.64 million relating to the additional land premium paid for the land and GST on expenditure relating to the construction of the new school campus.

#### **Review of Group cash flow for the third quarter ended 30 September 2013**

In Q3 2013, net cash generated from operating activities was \$11.80 million, which consisted of cash flows from operating activities before working capital changes of \$7.73 million, net working capital inflow of \$6.01 million, interest received of \$65,000 and income tax paid of \$2.01 million.

The increase in net working capital inflow by \$4.91 million in Q3 2013 as compared to Q3 2012 arose mainly from the increase in fees received in advance of \$3.69 million in Q3 2013 as a result of higher tuition fees charged and collected for the academic year which started in August 2013. In addition, the difference between GST receivable in Q3 2013 and GST payable in Q3 2012 was an inflow of \$0.71 million, mainly arising from GST input on the additional premium paid for the land at Pasir Ris.

The net cash outflow in investing activities of \$12.44 million in Q3 2013 was mainly due to the additional land premium paid of \$9.10 million and expenditure for the development of the new school campus.

**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.**

Personnel expenses continue to form a large part of the Group's operating expenses. Inflationary pressures may adversely affect the Group's costs and any inability to pass on the increased costs to clients would impact its operational results.

The Group's ability to revise the School's tuition fee rates will affect the Group's operational results. For the academic year commencing August 2013, the Group increased the tuition fees approximately 8.5% on average across the four sections of our School.

As the Group embarks on the construction of the new school campus in Pasir Ris, the capital expenditure will impact the construction-in-progress and the cashflow required to meet its obligations to the various contracting parties.

**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 2013 to be false or misleading in any material aspect.

**14 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  
November 13, 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.