

Overseas Education Limited

Company Registration No: 201131905D

UNAUDITED SECOND QUARTER FINANCIAL STATEMENT

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

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-Jun-14 \$'000	GROUP			Change %
	Second Quarter ended		Year to Date ended					
	30-Jun-14 \$'000	30-Jun-13 \$'000	Change %	30-Jun-14 \$'000	30-Jun-13 \$'000			Change %
Revenue								
Tuition fees	25,290	24,872	1.7	49,767	96.0%	49,006	95.7%	1.6
Registration fees	514	641	(19.8)	1,025	2.0%	1,112	2.2%	(7.8)
School bookshop sales	139	146	(4.8)	287	0.6%	340	0.7%	(15.6)
Enrichment programme revenue	181	229	(21.0)	408	0.8%	489	0.9%	(16.6)
Interest income	201	133	51.1	279	0.5%	248	0.5%	12.5
Other revenue	35	14	150.0	55	0.1%	28	0.0%	96.4
Total revenue	26,360	26,035	1.2	51,821	100.0%	51,223	100.0%	1.2
Operating expenses								
Personnel expenses	14,872	13,687	8.7	29,214	56.4%	27,100	52.9%	7.8
School lease rental	1,708	1,708	0.0	3,415	6.6%	3,415	6.7%	0.0
Depreciation and amortisation expenses	973	985	(1.2)	1,953	3.8%	2,027	4.0%	(3.7)
Cost of goods sold	64	90	(28.9)	159	0.3%	203	0.4%	(21.7)
Enrichment programme cost	97	102	(4.9)	259	0.5%	281	0.5%	(7.8)
Utilities	220	227	(3.1)	393	0.7%	399	0.8%	(1.5)
Upkeep and maintenance	400	435	(8.0)	643	1.2%	635	1.2%	1.3
Other operating expenses	1,416	1,194	18.6	2,529	4.9%	2,195	4.3%	15.2
Share subsidy for staff shareholders	-	-	0.0	-	0.0%	1,081	2.1%	n.m.
Total operating expenses	19,750	18,428	7.2	38,565	74.4%	37,336	72.9%	3.3
Profit before taxation	6,610	7,607	(13.1)	13,256	25.6%	13,887	27.1%	(4.5)
Income tax expense	(1,125)	(1,344)	(16.3)	(2,253)	4.3%	(2,421)	4.7%	(6.9)
Profit for the period	5,485	6,263	(12.4)	11,003	21.3%	11,466	22.4%	(4.0)
Other comprehensive income for the period, net of tax	(+)	(+)	0.0	(+)		(+)		0.0
Total comprehensive income for the period	5,485	6,263	(12.4)	11,003	21.3%	11,466	22.4%	(4.0)
Attributable to:								
Owners of the Company	5,485	6,263	(12.4)	11,003	21.3%	11,466	22.4%	(4.0)
	5,485	6,263	(12.4)	11,003	21.3%	11,466	22.4%	(4.0)

n.m. - Not meaningful

+ - Amount lower than S\$1,000

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

	GROUP			Group		
	Second Quarter ended			Year to Date ended		
	30-Jun-14	30-Jun-13	Change	30-Jun-14	30-Jun-13	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Allowance for doubtful debt	8	14	(42.9)	8	34	(76.5)
(Over)/Under provision of tax in respect of prior yea	(25)	-	n.m.	(25)	3	n.m.
Loss/(Gain) on disposal of plant and equipment	2	(4)	n.m.	5	11	(54.5)
Share subsidy for staff shareholders (Note A)	-	-	0.0	-	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

	Note	GROUP		COMPANY	
		30-Jun-14 \$'000	31-Dec-13 \$'000	30-Jun-14 \$'000	31-Dec-13 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment					
- Leasehold land		35,863	36,482	-	-
- Other property, plant and equipment		75,249	22,330	231	218
Intangible assets		3,032	3,225	-	-
Investment in subsidiaries		-	-	66,219	46,219
Inter-company loan to subsidiary		-	-	26,300	-
Bonds - Issuance expenses	1	1,656	-	1,656	-
School lease deposits		1,826	1,828	-	-
Staff housing deposits		352	304	-	-
		<u>117,978</u>	<u>64,169</u>	<u>94,406</u>	<u>46,437</u>
Current assets					
Inventories		606	596	-	-
Trade receivables		2,448	1,085	-	-
Other receivables and deposits		294	374	12	13
Amount owing by subsidiary		-	-	1,756	-
Bonds - Issuance expenses	1	436	-	436	-
Prepayments		1,528	1,117	25	18
Fee protection insurance deposits		-	2,031	-	-
Cash and bank balances		201,137	111,203	160,808	68,245
Fixed deposits		-	13,500	-	-
		<u>206,449</u>	<u>129,906</u>	<u>163,037</u>	<u>68,276</u>
TOTAL ASSETS		<u>324,427</u>	<u>194,075</u>	<u>257,443</u>	<u>114,713</u>
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables		598	193	-	-
Other payables and liabilities		958	680	586	112
Fees received in advance		18,050	37,565	-	-
Bonds - Interest payable		1,603	-	1,603	-
Goods and Services Tax payable		782	2,416	56	61
Central Provident Fund payable		315	476	7	32
Income tax payable		4,945	5,015	62	58
		<u>27,251</u>	<u>46,345</u>	<u>2,314</u>	<u>263</u>
NET CURRENT ASSETS		179,198	83,561	160,723	68,013
Non-current liabilities					
Borrowings - Bonds	1	150,000	-	150,000	-
Other liabilities		-	-	1,656	-
Deferred tax liabilities		941	1,076	-	-
		<u>150,941</u>	<u>1,076</u>	<u>151,656</u>	<u>-</u>
Net assets		<u>146,235</u>	<u>146,654</u>	<u>103,473</u>	<u>114,450</u>
Equity attributable to owners of the Company					
Share capital		99,253	99,253	99,253	99,253
Revenue reserve		33,151	33,570	4,220	15,197
Other reserves		13,831	13,831	-	-
		<u>146,235</u>	<u>146,654</u>	<u>103,473</u>	<u>114,450</u>
Note 1:					
Borrowings - Bonds		150,000			
Bonds - Issuance expenses					
- Non-current assets		(1,656)			
- Current assets		(436)			
		<u>(2,092)</u>			
		<u>147,908</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 arrear on 17 October and 17 April in each year.

	30-Jun-14
	\$'000
Borrowings - Bonds	150,000
Bonds issuance expenses	<u>(2,092)</u>
	<u>147,908</u>
Total bonds issuance expenses incurred	2,181
Amortisation during the period	<u>(89)</u>
	<u>2,092</u>

There were no borrowings or debt securities as 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	
	Second Quarter ended	Second Quarter ended	Year to Date ended	Year to Date ended
	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before taxation	6,610	7,607	13,256	13,887
Adjustments for:				
Depreciation expenses	796	806	1,598	1,654
Amortisation expenses	177	179	355	373
Loss/(Gain) on disposal of plant and equipment	2	(4)	5	11
Interest income	<u>(201)</u>	<u>(133)</u>	<u>(279)</u>	<u>(248)</u>
Operating profit before working capital changes	7,384	8,455	14,935	15,677
Increase in inventories	(38)	(20)	(9)	(82)
Increase in trade receivables	(1,678)	(1,804)	(1,363)	(1,309)
Decrease in other receivables and deposits and prepayments	2,258	484	1,696	962
(Increase)/decrease in non-current deposits	(38)	9	(45)	35
Decrease in trade payables, other payables and liabilities, and fees received in advance	<u>(6,769)</u>	<u>(3,933)</u>	<u>(20,628)</u>	<u>(20,154)</u>
Cash generated from/(used in) operations	1,119	3,191	(5,414)	(4,871)
Interest received	201	105	283	200
Income tax paid	<u>(2,458)</u>	<u>(2,012)</u>	<u>(2,458)</u>	<u>(2,015)</u>
Net cash (used in)/generated from operating activities	<u>(1,138)</u>	<u>1,284</u>	<u>(7,589)</u>	<u>(6,686)</u>
Cash flows from investing activities				
Additions of intangible assets	(78)	(120)	(163)	(245)
Acquisition of property, plant and equipment	(33,137)	(29,435)	(52,256)	(29,604)
Proceeds from disposal of plant and equipment	44	9	45	11
Net cash used in investing activities	<u>(33,171)</u>	<u>(29,546)</u>	<u>(52,374)</u>	<u>(29,838)</u>
Cash flows from financing activities				
Issuance of bonds	150,000	-	150,000	-
Bonds issuance expenses	(2,181)	-	(2,181)	-
Issuance of new ordinary shares on completion of IPO exercise	-	-	-	72,000
Share issuance expenses	-	-	-	(3,966)
Dividends paid	<u>(11,422)</u>	<u>(11,422)</u>	<u>(11,422)</u>	<u>(11,422)</u>
Net cash generated from/(used in) financing activities	<u>136,397</u>	<u>(11,422)</u>	<u>136,397</u>	<u>56,612</u>
Net increase/(decrease) in cash and cash equivalents	102,088	(39,684)	76,434	20,088
Cash and cash equivalents at beginning of the period	99,049	154,228	124,703	94,456
Cash and cash equivalents at end of the period	<u>201,137</u>	<u>114,544</u>	<u>201,137</u>	<u>114,544</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	
					(Note #)		
GROUP							
2014							
Balance at 1 January 2014	99,253	33,570	13,831	1	(26,170)	40,000	146,654
Profit net of tax	-	5,518	-	-	-	-	5,518
Other comprehensive income for the period	-	-	-	(+)	-	-	(+)
Total comprehensive income for the period	-	5,518	-	(+)	-	-	5,518
Balance at 31 March 2014 and 1 April 2014	99,253	39,088	13,831	1	(26,170)	40,000	152,172
Profit net of tax	-	5,485	-	-	-	-	5,485
Other comprehensive income for the period	-	-	-	(+)	-	-	(+)
Total comprehensive income for the period	-	5,485	-	(+)	-	-	5,485
Distribution to owners							
Dividends	-	(11,422)	-	-	-	-	(11,422)
Total transactions with owners in their capacity as owners	-	(11,422)	-	-	-	-	(11,422)
Balance at 30 June 2014	99,253	33,151	13,831	1	(26,170)	40,000	146,235
2013							
Balance at 1 January 2013	31,219	22,382	13,831	1	(26,170)	40,000	67,432
Profit net of tax	-	5,202	-	-	-	-	5,202
Other comprehensive income for the period	-	-	-	+	-	-	+
Total comprehensive income for the period	-	5,202	-	+	-	-	5,202
Contributions by owners							
Shares issued for Initial Public Offering	72,000	-	-	-	-	-	72,000
Share issuance expenses	(3,966)	-	-	-	-	-	(3,966)
Total transactions with owners in their capacity as owners	68,034	-	-	-	-	-	68,034
Balance at 31 March 2013 and 1 April 2013	99,253	27,584	13,831	1	(26,170)	40,000	140,668
Profit net of tax	-	6,263	-	-	-	-	6,263
Other comprehensive income for the period	-	-	-	+	-	-	+
Total comprehensive income for the period	-	6,263	-	+	-	-	6,263
Distribution to owners							
Dividends	-	(11,422)	-	-	-	-	(11,422)
Total transactions with owners in their capacity as owners	-	(11,422)	-	-	-	-	(11,422)
Balance at 30 June 2013	99,253	22,425	13,831	1	(26,170)	40,000	135,509

+ 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
COMPANY			
2014			
Balance at 1 January 2014	99,253	15,197	114,450
Profit net of tax	-	213	213
Total comprehensive income for the period	-	213	213
Balance at 31 March 2014 and 1 April 2014	99,253	15,410	114,663
Profit net of tax	-	232	232
Total comprehensive income for the period	-	232	232
Distribution to owners			
Dividends	-	(11,422)	(11,422)
Total transactions with owners in their capacity as owners	-	(11,422)	(11,422)
Balance at 30 June 2014	99,253	4,220	103,473
2013			
Balance at 1 January 2013	31,219	12,223	43,442
Profit net of tax	-	11	11
Total comprehensive income for the period	-	11	11
Contributions by owners			
Shares issued for Initial Public Offering	72,000	-	72,000
Share issuance expenses	(3,966)	-	(3,966)
Total transactions with owners in their capacity as owners	68,034	-	68,034
Balance at 31 March 2013 and 1 April 2013	99,253	12,234	111,487
Profit net of tax	-	42	42
Total comprehensive income for the period	-	42	42
Distribution to owners			
Dividends	-	(11,422)	(11,422)
Total transactions with owners in their capacity as owners	-	(11,422)	(11,422)
Balance at 30 June 2013	99,253	854	100,107

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 June 2014, the Company has no outstanding convertibles (30 June 2013 : nil).

	Group and company
	No of shares
At 1 January 2014, 31 March 2014 and 30 June 2014	<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-Jun-14	31-Dec-13
Total number of issued shares	<u>415,363,548</u>	<u>415,363,548</u>

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 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 2013, 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 2014.

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	
	Second Quarter Ended 30-Jun-14 cents	30-Jun-13 cents	Year to Date Ended 30-Jun-14 cents	30-Jun-13 cents
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	1.3	1.5	2.7	3.0
On a fully diluted basis	1.3	1.5	2.7	3.0
Weighted average number of ordinary shares for basic and diluted earnings per share computation	415,363,548	415,363,548	415,363,548	379,866,310 *

* This represents the weighted average number of ordinary shares after the IPO exercise in February 2013.

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-Jun-14 cents	31-Dec-13 cents	30-Jun-14 cents	31-Dec-13 cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	35.2	35.3	24.9	27.6

- 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

During the second quarter ended 30 June 2014 (Q2 2014) and the six months ended 30 June 2014 (H1 2014), total revenue increased by \$0.33 million and \$0.60 million respectively. This was an improvement of 1.2% over the total revenue recorded in both the comparative periods in the second quarter ended 30 June 2013 (Q2 2013) and the six months ended 30 June 2013 (H1 2013). The higher revenue was mainly contributed by the increase in revenue from tuition fees.

Tuition fees revenue increased from \$24.87 million in Q2 2013 to \$25.29 million in Q2 2014. Correspondingly, tuition fees also increased from \$49.01 million in H1 2013 to \$49.77 million in H1 2014. 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 decreased from \$0.64 million in Q2 2013 to \$0.51 million in Q2 2014. Similarly, registration fees also reduced from \$1.11 million in H1 2013 to \$1.03 million in H1 2014.

Revenue from school bookshop sales reduced by 4.8%, from \$0.15 million in Q2 2013 to \$0.14 million in Q2 2014. For the six months ended 30 June 2014, school bookshop sales accounted for \$0.29 million in revenue as compared to \$0.34 million in H1 2013. Enrichment programme revenue decreased from \$0.23 million in Q2 2013 to \$0.18 million in Q2 2014. Similarly, enrichment programme revenue declined from \$0.49 million in H1 2013 to \$0.41 million in H1 2014.

Interest income was higher at \$0.20 million in Q2 2014 and \$0.28 million for H1 2014 as compared to \$0.13 million in Q2 2013 and \$0.25 million for H1 2013 respectively. Interest earning cash and bank balances increased mainly due to the bond proceeds received in the second quarter of 2014. Other revenue also increased from \$14,000 in Q2 2013 to \$35,000 in Q2 2014 and from \$28,000 in H1 2013 to \$55,000 in H1 2014.

In Q2 2014, total operating expenses increased by \$1.32 million from \$18.43 million in Q2 2013 to \$19.75 million. Correspondingly, total operating expenses grew by 3.3% in H1 2014 as compared to H1 2013. The increase in both comparative periods was mainly due to the increase in personnel expenses and other operating expenses.

Personnel expenses were \$14.87 million in Q2 2014 as compared to \$13.69 million in Q2 2013, an increase of \$1.18 million. The personnel expenses were also higher in H1 2014 as compared to H1 2013 by \$2.11 million, increasing from \$27.10 million to \$29.21 million. This was due to general increase in salaries and the corresponding CPF contribution for both administrative and academic staff.

Depreciation and amortisation expenses of \$0.97 million and \$1.95 million in Q2 2014 and H1 2014 respectively were lower as compared to the corresponding periods of Q2 2013 and H1 2013. This was due to more fixed assets (in particular renovations) being fully depreciated in FY 2013. As the school is preparing for its impending move to new premises in 2015, new asset purchases are closely monitored, resulting in lower depreciation.

Utilities remained stable at \$0.22 million in Q2 2014 and \$0.39 million in H1 2014 as compared to \$0.23 million in Q2 2013 and \$0.40 million in H1 2013 respectively.

Upkeep and maintenance remained constant at \$0.40 million and \$0.64 million in Q2 2014 and H1 2014 respectively, as compared to \$0.44 million and \$0.64 million in the corresponding periods of Q2 2013 and H1 2013.

Other operating expenses increased by \$0.23 million in Q2 2014, from \$1.19 million in Q2 2013 to \$1.42 million and by \$0.33 million in H1 2014, from \$2.20 million in H1 2013 to \$2.53 million. The increase was mainly due to the fee protection insurance scheme premium incurred for Q1 and Q2 2014 which was not incurred in the previous comparable periods, following the School's receipt of Edutrust certification on 23 December 2013.

The share subsidy of \$1.08 million was for the 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 166 staff shareholders in the IPO exercise completed in Q1 2013.

Profit before taxation decreased from \$7.61 million in Q2 2013 to \$6.61 million in Q2 2014. Consequently, profit before taxation also reduced by \$0.63 million in H1 2014 (\$13.26 million) as compared to the corresponding period in H1 2013 (\$13.89 million).

Effective tax rates for Q2 2014 and H1 2014 were both 17.0%, as compared to 17.7% in Q2 2013 and 17.4% in H1 2013.

Profit after taxation reduced by \$0.77 million, from \$6.26 million in Q2 2013 to \$5.49 million in Q2 2014. Correspondingly, for H1 2014, profit after taxation was lower by \$0.47 million, being \$11.00 million as compared to \$11.47 million in H1 2013.

Review of Group Balance Sheet as at 30 June 2014

Other property, plant and equipment increased by \$52.92 million from \$22.33 million as at 31 December 2013 to \$75.25 million as at 30 June 2014, due to capital expenditure of \$53.55 million incurred for the development of the new school campus plus \$0.62 million depreciation on leasehold land that was transferred to construction-in-progress as part of Other property, plant and equipment, and other additions of \$0.35 million, offset by depreciation charge of \$1.60 million in H1 2014.

Trade receivables increased by \$1.36 million mainly due to increase in tuition fees charged.

As at 30 June 2014, the Group's cash and cash equivalents stood at \$201.14 million, up from \$124.70 million as at 31 December 2013, which was mainly contributed by the net proceeds from the issuance of bonds in Q2 2014, which sole purpose is to fund the building of the new school, less the payment for capital expenditure in relation to the construction of the new school campus.

The increase in trade payables of \$0.41 million as at 30 June 2014 was mainly due to purchase of more supplies by the School in preparation for the new academic year in August 2014 as compared to the end of December 2013, when the first semester of the previous academic year had ended and it was the School vacation.

Fees received in advance decreased from \$37.57 million as at 31 December 2013 to \$18.05 million as at 30 June 2014. The fees received in advance as at 31 December 2013 were for tuition fees due and collected for the second semester commencing in January 2014, while those as at 30 June 2014 were for tuition fees for the semester starting in August 2014. As at 30 June 2014, the fees for the semester starting in August 2014 were not yet due.

Bonds - Interest Payable was for the interest accrued on the \$150 million bonds at 5.20% p.a. for the period from 17 April 2014 to 30 June 2014.

Goods and Services Tax payable was lower by \$1.63 million as at 30 June 2014, mainly due to higher GST receivable on expenditure relating to the construction of the new school campus being offset against GST payable for Q2 2014 on billing of semester one 2014/2015 tuition fees.

Review of Group cash flow for the second quarter ended 30 June 2014

In Q2 2014, net cash used in operating activities was \$1.14 million, which consisted of cash flows from operating activities before working capital changes of \$7.38 million, net working capital outflow of \$6.27 million, interest received of \$201,000 and income tax paid of \$2.45 million.

The net working capital outflow of \$6.27 million in Q2 2014 arose mainly from the decrease in payables of \$6.77 million which was mainly due to decrease in fees received in advance of \$7.66 million, offset by higher GST payable of \$0.73 million in Q2 2014. There was a decrease in receivables of \$2.26 million arising mainly from cash inflow from GST receivables of \$1.47 million in Q2 2014 which related mainly to the GST on expenditure incurred for the construction of the new school campus.

The net cash outflow in investing activities of \$33.17 million in Q2 2014 was mainly due to the capital expenditure for the development of the new school campus.

The cash inflow in financing activities of \$136.40 million in Q2 2014 was attributable to the proceeds from the bond issue less payment in May 2014 of the final dividend in respect of FY 2013.

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 form the largest part of the Group's operating expenses. Any worldwide inflationary pressures are likely to impact the Group's costs and its operational results. The Group's ability to revise the School's tuition fees rates will affect the Group's operational results. For the academic year commencing August 2014, the Group increased tuition fees by approximately 8.0% on average across our School.

Construction of the new school in Pasir Ris is proceeding according to schedule and TOP is expected by 30 April 2015, in time for the start of the school year in August 2015.

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 second quarter and half year financial results ended 30 June 2014 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:

Building of a new school campus	<u>17,100,000</u>
Balance proceeds	<u>50,933,985</u>

BY ORDER OF THE BOARD

David Alan Perry
Executive Chairman and Chief Executive Officer
August 12, 2014

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.