

Overseas Education Limited

Company Registration No: 201131905D

UNAUDITED SECOND QUARTER FINANCIAL STATEMENT

PART 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 Second Quarter ended			GROUP Year to Date ended		
	30-Jun-15 \$'000	30-Jun-14 \$'000	Change %	30-Jun-15 \$'000	30-Jun-14 \$'000	Change %
Revenue						
Tuition fees	24,199	25,290	(4.3)	48,017	49,767	(3.5)
Registration fees	528	514	2.7	854	1,025	(16.7)
School bookshop sales	102	139	(26.6)	243	287	(15.3)
Enrichment programme revenue	157	181	(13.3)	308	408	(24.5)
Interest income	70	201	(65.2)	192	279	(31.2)
Other revenue	28	35	(20.0)	46	55	(16.4)
Total revenue	25,084	26,360	(4.8)	49,660	51,821	(4.2)
Operating expenses						
Personnel expenses	14,298	14,872	(3.9)	28,012	29,214	(4.1)
School lease rental	1,704	1,708	(0.2)	3,412	3,415	(0.1)
Depreciation and amortisation expenses	821	973	(15.6)	1,641	1,953	(16.0)
Cost of goods sold	58	64	(9.4)	137	159	(13.8)
Enrichment programme cost	75	97	(22.7)	199	259	(23.2)
Utilities	298	220	35.5	448	393	14.0
Upkeep and maintenance	154	400	(61.5)	298	643	(53.7)
Other operating expenses	1,236	1,416	(12.7)	2,329	2,529	(7.9)
Relocation to Pasir Ris	322	-	n.m.	322	-	n.m.
Total operating expenses	18,966	19,750	(4.0)	36,798	38,565	(4.6)
Profit before taxation	6,118	6,610	(7.4)	12,862	13,256	(3.0)
Income tax expense	(900)	(1,125)	(20.0)	(2,012)	(2,253)	(10.7)
Profit for the period	5,218	5,485	(4.9)	10,850	11,003	(1.4)
Other comprehensive income for the period, net of tax	(+)	(+)	0.0	+	(+)	0.0
Total comprehensive income for the period	5,218	5,485	(4.9)	10,850	11,003	(1.4)
Attributable to:						
Owners of the Company	5,218	5,485	(4.9)	10,850	11,003	(1.4)
	5,218	5,485	(4.9)	10,850	11,003	(1.4)

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-15	30-Jun-14	Change	30-Jun-15	30-Jun-14	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Allowance for doubtful debt	20	8	150.0	20	8	150.0
(Over)/Under provision of tax in respect of prior year	-	(25)	n.m.	-	(25)	n.m.
Loss/(Gain) on disposal of plant and equipment	2	2	0.0	2	5	(60.0)
Write-off for stock obsolescence	2	-	n.m.	2	-	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

	Note	GROUP		COMPANY	
		30-Jun-15 \$'000	31-Dec-14 \$'000	30-Jun-15 \$'000	31-Dec-14 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment					
- Leasehold land		34,627	35,245	-	-
- Other property, plant and equipment		239,287	179,086	155	168
Intangible assets		2,804	2,911	-	-
Investment in subsidiaries		-	-	101,219	66,219
Inter-company loan to subsidiary		-	-	150,000	131,181
Bonds - Issuance expenses	1	1,219	1,435	1,219	1,435
School lease and purchase of fixed asset deposits		1,320	120	-	-
Staff housing deposits		430	199	-	-
		<u>279,687</u>	<u>218,996</u>	<u>252,593</u>	<u>199,003</u>
Current assets					
Inventories		468	516	-	-
Trade receivables		2,602	1,185	-	-
Other receivables and deposits		2,315	2,430	12	15
Goods and Services Tax receivables		-	1,162	-	-
Amount owing by subsidiary		-	-	1,756	1,827
Bonds - Issuance expenses	1	436	436	436	436
Prepayments		1,335	1,661	30	18
Cash and bank balances		46,131	125,515	5,549	70,447
		<u>53,287</u>	<u>132,905</u>	<u>7,783</u>	<u>72,743</u>
TOTAL ASSETS		<u>332,974</u>	<u>351,901</u>	<u>260,376</u>	<u>271,746</u>
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables		95	289	-	-
Other payables and liabilities		1,325	711	507	513
Fees received in advance		15,936	35,986	-	-
Bonds - Interest payable		1,603	1,624	1,603	1,624
Goods and Services Tax payable		1,948	57	55	57
Central Provident Fund payable		323	457	5	10
Income tax payable		4,214	4,620	109	136
		<u>25,444</u>	<u>43,744</u>	<u>2,279</u>	<u>2,340</u>
NET CURRENT ASSETS		27,843	89,161	5,504	70,403
Non-current liabilities					
Borrowings - Bonds	1	150,000	150,000	150,000	150,000
Other liabilities		-	-	1,219	1,435
Deferred tax liabilities		886	941	-	-
		<u>150,886</u>	<u>150,941</u>	<u>151,219</u>	<u>151,435</u>
Net assets		<u>156,644</u>	<u>157,216</u>	<u>106,878</u>	<u>117,971</u>
Equity attributable to owners of the Company					
Share capital		99,253	99,253	99,253	99,253
Revenue reserve		43,560	44,132	7,625	18,718
Other reserves		13,831	13,831	-	-
		<u>156,644</u>	<u>157,216</u>	<u>106,878</u>	<u>117,971</u>
Note 1:					
Borrowings - Bonds		150,000	150,000		
Bonds - Issuance expenses					
- Non-current assets		(1,219)	(1,435)		
- Current assets		(436)	(436)		
		<u>(1,655)</u>	<u>(1,871)</u>		
		<u>148,345</u>	<u>148,129</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-15	31-Dec-14
	\$'000	\$'000
Borrowings - Bonds	150,000	150,000
Bonds issuance expenses	(1,655)	(1,871)
	<u>148,345</u>	<u>148,129</u>
Total bonds issuance expenses incurred	2,181	2,181
Amortisation during the period	(526)	(310)
	<u>1,655</u>	<u>1,871</u>

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	30-Jun-14	Year to Date ended	30-Jun-14
	30-Jun-15	30-Jun-14	30-Jun-15	30-Jun-14
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before taxation	6,118	6,610	12,862	13,256
Adjustments for:				
Depreciation expenses	652	796	1,299	1,598
Amortisation expenses	169	177	342	355
Loss/(Gain) on disposal of plant and equipment	2	2	2	5
Interest income	(70)	(201)	(192)	(279)
Operating profit before working capital changes	<u>6,871</u>	<u>7,384</u>	<u>14,313</u>	<u>14,935</u>
(Increase)/decrease in inventories	-	(38)	48	(9)
Increase in trade receivables	(1,785)	(1,678)	(1,417)	(1,363)
Decrease in other receivables and deposits and prepayments	3,931	2,258	1,602	1,696
(Increase)/decrease in non-current deposits	(571)	(38)	(1,432)	(45)
Decrease in trade payables, other payables and liabilities, and fees received in advance	(6,360)	(6,769)	(17,872)	(20,628)
Cash generated from/(used in) operations	<u>2,086</u>	<u>1,119</u>	<u>(4,758)</u>	<u>(5,414)</u>
Interest received	70	201	192	283
Income tax paid	(2,472)	(2,458)	(2,472)	(2,458)
Net cash used in operating activities	<u>(316)</u>	<u>(1,138)</u>	<u>(7,038)</u>	<u>(7,589)</u>
Cash flows from investing activities				
Additions of intangible assets	(114)	(78)	(235)	(163)
Acquisition of property, plant and equipment	(21,496)	(33,137)	(60,741)	(52,256)
Proceeds from disposal of plant and equipment	41	44	52	45
Net cash used in investing activities	<u>(21,569)</u>	<u>(33,171)</u>	<u>(60,924)</u>	<u>(52,374)</u>
Cash flows from financing activities				
Issuance of bonds	-	150,000	-	150,000
Bonds issuance expenses	-	(2,181)	-	(2,181)
Dividends paid	(11,422)	(11,422)	(11,422)	(11,422)
Net cash generated from/(used in) financing activities	<u>(11,422)</u>	<u>136,397</u>	<u>(11,422)</u>	<u>136,397</u>
Net increase/(decrease) in cash and cash equivalents	(33,307)	102,088	(79,384)	76,434
Cash and cash equivalents at beginning of the period	79,438	99,049	125,515	124,703
Cash and cash equivalents at end of the period	<u>46,131</u>	<u>201,137</u>	<u>46,131</u>	<u>201,137</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	
GROUP							
2015					(Note #)		
Balance at 1 January 2015	99,253	44,132	13,831	1	(26,170)	40,000	157,216
Profit net of tax	-	5,632	-	-	-	-	5,632
Other comprehensive income for the period	-	-	-	+	-	-	(+)
Total comprehensive income for the period	-	5,632	-	+	-	-	5,632
Balance at 31 March 2015 and 1 April 2015	99,253	49,764	13,831	1	(26,170)	40,000	162,848
Profit net of tax	-	5,218	-	-	-	-	5,218
Other comprehensive income for the period	-	-	-	(+)	-	-	(+)
Total comprehensive income for the period	-	5,218	-	(+)	-	-	5,218
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 2015	99,253	43,560	13,831	1	(26,170)	40,000	156,644
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

+ 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			
2015			
Balance at 1 January 2015	99,253	18,718	117,971
Profit net of tax	-	202	202
Total comprehensive income for the period	-	202	202
Balance at 31 March 2015 and 1 April 2015	99,253	18,920	118,173
Profit net of tax	-	127	127
Total comprehensive income for the period	-	127	127
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 2015	<u>99,253</u>	<u>7,625</u>	<u>106,878</u>
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	<u>99,253</u>	<u>4,220</u>	<u>103,473</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 June 2015, the Company has no outstanding convertibles (30 June 2014 : nil).

	Group and company
	No of shares
At 1 January 2015, 31 March 2015 and 30 June 2015	<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	
	<u>30-Jun-15</u>	<u>31-Dec-14</u>
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 2014, 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 2015.

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		Year to Date Ended	
	30-Jun-15	30-Jun-14	30-Jun-15	30-Jun-14
	cents	cents	cents	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	1.3	2.6	2.7
On a fully diluted basis	1.3	1.3	2.6	2.7
Weighted average number of ordinary shares for basic and diluted earnings per share computation	415,363,548	415,363,548	415,363,548	415,363,548

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-15	31-Dec-14	30-Jun-15	31-Dec-14
	cents	cents	cents	cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	37.7	37.9	25.7	28.4

- 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

For the second quarter ended 30 June 2015 (Q2 2015) and the six months ended 30 June 2015 (H1 2015), total revenue decreased by \$1.28 million and \$2.16 million respectively. This was lower by 4.8% and 4.2% compared to the total revenue reported for the comparative periods in the second quarter ended 30 June 2014 (Q2 2014) and the six months ended 30 June 2014 (H1 2014) respectively. The decrease was mainly attributed to lower revenue from tuition fees, school bookshop sales and enrichment programme.

Revenue for tuition fees was lower at \$24.20 million in Q2 2015 compared to \$25.29 million in Q2 2014. For the half year, tuition fees decreased from \$49.77 million in H1 2014 to \$48.02 million in H1 2015. The lower revenue was mainly due to the decline in enrolment in the junior schools.

Revenue from registration fees increased from \$0.51 million in Q2 2014 to \$0.53 million in Q2 2015. For the six months comparison, registration fees was lower at \$0.85 million in H1 2015 compared to \$1.03 million in H1 2014, mainly due to the new school at Pasir Ris only being available for viewing by prospective clients in Q2 2015.

School bookshop sales was \$0.10 million in Q2 2015 compared to \$0.14 million in Q2 2014. For the half year ended 30 June 2015, school bookshop sales recorded \$0.24 million compared to \$0.29 million in H1 2014. Enrichment programme revenue decreased from \$0.18 million in Q2 2014 to \$0.16 million in Q2 2015. On the six monthly comparison, enrichment programme revenue declined from \$0.41 million in H1 2014 to \$0.31 million in H1 2015.

Interest income was at \$0.07 million in Q2 2015 and \$0.19 million in H1 2015 compared to \$0.20 million in Q2 2014 and \$0.28 million in H1 2014 respectively. Interest earning cash and bank balances were lower mainly due to funds being utilised for payments for the building of the new school at Pasir Ris. The bond proceeds were received in Q2 2014, contributing to the higher interest income for the comparative periods in 2014. Other revenue were \$0.02 million and \$0.05 million in Q2 2015 and H1 2015 respectively, comparable to the same periods in 2014.

Total operating expenses decreased by \$0.78 million from \$19.75 million in Q2 2014 to \$18.97 million for the current quarter, a reduction of 4.0%. On a half yearly basis, total operating expenses reduced by 4.6 % or \$1.77 million, from \$38.57 million in H1 2014 to \$36.80 million in H1 2015. The reduction in both comparative periods was mainly due to the lower personnel expenses, depreciation and amortisation, upkeep and maintenance expenses.

Personnel expenses were \$14.30 million in Q2 2015 as compared to \$14.87 million in Q2 2014, a decrease of \$0.57 million or 3.9%. Correspondingly, for the half year, the personnel expenses were also lower by \$1.20 million or 4.1%, decreasing from \$29.21 million in H1 2014 to \$28.01 million in H1 2015. Lower headcount of teaching staff contributed to the lower personnel costs.

Depreciation and amortisation expenses of \$0.82 million and \$1.64 million in Q2 2015 and H1 2015 respectively were lower as compared to the corresponding periods of Q2 2014 and H1 2014. Less assets were purchased in the recent past quarters with the expected relocation to the new school at Pasir Ris.

Utilities expenses were comparable at \$0.30 million in Q2 2015 and \$0.45 million in H1 2015.

Upkeep and maintenance was lower at \$0.15 million and \$0.30 million in Q2 2015 and H1 2015 respectively, compared to \$0.40 million and \$0.64 million in the corresponding periods of Q2 2014 and H1 2014. The lower expenses were mainly due to less maintenance activities at the old Paterson Road site ahead of the relocation to the new school.

Other operating expenses decreased to \$1.24 million in Q2 2015 compared to \$1.42 million in Q2 2014, a slight decrease of \$0.18 million. This was due to general decrease in other expenses. For the half year, other operating expenses of \$2.33 million for H1 2015 was a decrease of \$0.20 million compared to \$2.53 million for H1 2014.

Non recurring expenses of \$0.32 million were incurred in the relocation from the Paterson Road school to the new school at Pasir Ris in the current quarter, Q2 2015

Profit before taxation decreased from \$6.61 million in Q2 2014 to \$6.12 million in Q2 2015. Consequently, profit before taxation reduced by \$0.40 million in H1 2015 (\$12.86 million) as compared to the corresponding period in H1 2014 (\$13.26 million).

Effective tax rates for Q2 2015 and H1 2015 were 14.7% and 15.6% respectively, compared to 17.0% for both Q2 2014 and H1 2014.

Profit after taxation for the second quarter decreased marginally by \$0.27 million, from \$5.49 million in Q2 2014 to \$5.22 million in Q2 2015. Profit after taxation for the half year was \$10.85 million for H1 2015 compared to \$11.00 million for H1 2014.

Review of Group Balance Sheet as at 30 June 2015

Other property, plant and equipment increased by \$60.20 million from \$179.09 million as at 31 December 2014 to \$239.29 million as at 30 June 2015, due to capital expenditure of \$59.54 million incurred for the building 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 \$1.34 million, offset by a depreciation charge of \$1.30 million in H1 2015.

School deposits for purchase of fixed asset rose by \$1.20 million from payment of deposits for procurement of fixed assets for the Pasir Ris school.

Inventories for school uniforms, books and stationery supplies for sale at the school bookshop were \$0.47 million as at end of Q2 2015 compared to \$0.52 million as at 31 December 2014.

Trade receivables increased by \$1.42 million mainly due to increase in tuition fees charged.

Other receivables and deposits of \$2.32 million as at 30 June 2015 were comparable to \$2.43 million as at 31 December 2014.

Prepayments decreased by \$0.33 million mainly due to prepaid expenses being recognised in the income statement.

As at 30 June 2015, the Group's cash and cash equivalents amounted to \$46.13 million, a decrease from \$125.52 million as at 31 December 2014, which was mainly attributable to the capital expenditure in relation to the building of the new school and payment of the final dividend for FY 2014 in May 2015.

The increase in trade and other payables of \$0.42 million as at 30 June 2015 was mainly due to expenses of \$0.32 million incurred in the relocation from the Paterson Road school to the new school at Pasir Ris.

Fees received in advance decreased from \$35.99 million as at 31 December 2014 to \$15.94 million as at 30 June 2015. The fees received in advance as at 31 December 2014 were for tuition fees due and collected for the second semester commencing in January 2015, while those as at 30 June 2015 were for tuition fees for the semester starting in August 2015. As at 30 June 2015, the fees for the semester starting in August 2015 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 2015 to 30 June 2015.

Goods and Services Tax payable was higher by \$1.89 million as at 30 June 2015, mainly due to GST payable for Q2 2015 on billing of 2015/2016 semester one tuition fees offset against lower GST receivable on expenditure relating to the building of the new school campus.

Review of Group cash flow for the second quarter ended 30 June 2015

In Q2 2015, net cash used in operating activities was \$0.32 million, which consisted of cash flows from operating activities before working capital changes of \$6.87 million, net working capital outflow of \$4.79 million, interest received of \$70,000 and income tax paid of \$2.47 million.

The net working capital outflow of \$4.79 million in Q2 2015 arose mainly from the decrease in payables of \$6.36 million which was mainly due to the decrease in fees received in advance of \$8.68 million, offset by higher GST payable of \$1.90 million in Q2 2015. There was a decrease in other receivables of \$3.93 million arising mainly from cash inflow from GST receivables of \$2.92 million in Q2 2015, 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 \$21.57 million in Q2 2015 was mainly due to the capital expenditure for the building of the new school.

The cash outflow in financing activities of \$11.42 million in Q2 2015 was due to the payment in May 2015 of the final dividend in respect of FY 2014.

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.

Recent global economic contraction currently appears to be reducing the pool of students for Foreign System Schools in Singapore. At the same time an increasing number of new places are being provided at new competitor schools. H1 2015 results were not significantly affected by these factors.

Withdrawal of Junior students by transfer to other Singapore schools (approximately 230 students) were within expectations. However, withdrawal of students at all levels due to family relocation away from Singapore (being approximately twice the number who have transferred to other Singapore schools), have been higher than expected.

New student enrolments for the new semester have to date been satisfactory, approximately replacing the number of withdrawals due to family relocation out of Singapore.

Therefore H2 2015 student numbers may be lower than H1 2015.

The Group's cost containment measures, together with increased tuition fees, should partly mitigate lower enrolments.

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 2015 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>\$58,800,000</u>
Balance proceeds	<u>\$9,233,985</u>

BY ORDER OF THE BOARD

David Alan Perry
Executive Chairman and Chief Executive Officer
August 13, 2015