

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-16 \$'000	GROUP			
	30-Sep-16 \$'000	30-Sep-15 \$'000	Change %		30-Sep-16 \$'000	Nine Months ended 30-Sep-15 \$'000	Change %	
Revenue								
Tuition fees	21,036	22,539	(6.7)	67,692	96.8%	70,556	96.4%	(4.1)
Registration fees	198	239	(17.2)	972	1.4%	1,093	1.5%	(11.1)
School shop revenue	374	548	(31.8)	580	0.8%	791	1.1%	(26.7)
Enrichment programme revenue	87	69	26.1	359	0.5%	377	0.5%	(4.8)
Interest income	78	94	(17.0)	285	0.4%	286	0.4%	(0.3)
Other revenue	15	30	(50.0)	41	0.1%	76	0.1%	(46.1)
Total revenue	21,788	23,519	(7.4)	69,929	100.0%	73,179	100.0%	(4.4)
Operating expenses								
Personnel expenses	13,860	14,651	(5.4)	42,637	61.0%	42,663	58.3%	(0.1)
School lease rental	-	4	n.m.	-	0.0%	3,416	4.7%	n.m.
Depreciation expenses								
- Leasehold land	309	309	-	927	1.3%	309	0.4%	200.0
- School buildings	914	967	(5.5)	2,746	3.9%	967	1.3%	184.0
- Other plant and equipment	1,245	1,283	(3.0)	3,777	5.4%	2,582	3.5%	46.3
Amortisation of intangible assets	165	161	2.5	511	0.7%	503	0.7%	1.6
School shop costs	237	335	(29.3)	349	0.5%	473	0.6%	(26.2)
Enrichment programme costs	64	46	39.1	248	0.4%	245	0.3%	1.2
Utilities	173	317	(45.4)	701	1.0%	765	1.0%	(8.4)
Upkeep and maintenance	430	145	196.6	804	1.1%	442	0.6%	81.9
Finance costs - Bonds	2,089	2,076	0.6	6,195	8.9%	2,076	2.8%	198.4
Other operating expenses	1,652	1,416	16.7	5,214	7.5%	3,745	5.1%	39.2
Relocation to Pasir Ris	-	-	-	-	-	322	0.4%	n.m.
Total operating expenses	21,138	21,710	(2.6)	64,109	91.7%	58,508	80.0%	9.6
Profit before taxation	650	1,809	(64.1)	5,820	8.3%	14,671	20.0%	(60.3)
Income tax expense - current tax	(12)	2,026		(34)		(41)		
- deferred tax	(356)	(2,067)		(2,038)		(2,012)		
	(368)	(41)	797.6	(2,072)	3.0%	(2,053)	2.8%	0.9
Profit for the period	282	1,768	(84.0)	3,748	5.4%	12,618	17.2%	(70.3)
Other comprehensive income for the period, net of tax	+	+	0.0	(+)		+		0.0
Total comprehensive income for the period	282	1,768	(84.0)	3,748	5.4%	12,618	17.2%	(70.3)
Attributable to:								
Owners of the Company	282	1,768	(84.0)	3,748	5.4%	12,618	17.2%	(70.3)
	282	1,768	(84.0)	3,748	5.4%	12,618	17.2%	(70.3)

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			Nine Months ended		
	30-Sep-16	30-Sep-15	Change	30-Sep-16	30-Sep-15	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Allowance for doubtful debt	-	23	n.m.	141	43	227.9
Loss/(gain) on disposal of plant and equipment	59	(4)	n.m.	46	(2)	n.m.
Write-off for stock obsolescence	-	-	n.m.	-	2	n.m.
Fair value loss on bonds repurchased	140	-	n.m.	140	-	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	
		As at 30-Sep-16 \$'000	As at 31-Dec-15 \$'000	As at 30-Sep-16 \$'000	As at 31-Dec-15 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment					
- Leasehold land		33,081	34,008	-	-
- School buildings		178,219	180,965	-	-
- Other property, plant and equipment		66,351	69,946	123	141
Intangible assets		2,321	2,626	-	-
Investment in subsidiaries		-	-	101,219	101,219
Inter-company loan to subsidiary		-	-	143,000	150,000
Bonds - Issuance expenses	1	641	999	641	999
Deposits		369	235	-	-
Staff housing deposits		251	395	-	-
		<u>281,233</u>	<u>289,174</u>	<u>244,983</u>	<u>252,359</u>
Current assets					
Inventories		512	589	-	-
Trade receivables		928	1,329	-	-
Other receivables and deposits		393	251	12	12
Goods and Services Tax receivables		297	-	-	-
Amount owing by subsidiary		-	-	7,668	1,777
Bonds - Issuance expenses	1	416	436	416	436
Prepayments		1,908	1,338	29	16
Cash and bank balances		49,616	60,359	2,341	11,997
		<u>54,070</u>	<u>64,302</u>	<u>10,466</u>	<u>14,238</u>
TOTAL ASSETS		<u>335,303</u>	<u>353,476</u>	<u>255,449</u>	<u>266,597</u>
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables		461	245	-	-
Other payables and liabilities		7,888	7,060	495	521
Fees received in advance		21,689	32,615	-	-
Bonds - Interest payable		3,402	1,624	3,402	1,624
Goods and Services Tax payable		58	3,012	59	57
Central Provident Fund payable		353	503	6	5
Income tax payable		38	79	36	61
		<u>33,889</u>	<u>45,138</u>	<u>3,998</u>	<u>2,268</u>
NET CURRENT ASSETS		20,181	19,164	6,468	11,970
Non-current liabilities					
Borrowings - Bonds	1	143,000	150,000	143,000	150,000
Other liabilities		-	-	641	999
Deferred tax liabilities	2	5,358	3,320	-	-
		<u>148,358</u>	<u>153,320</u>	<u>143,641</u>	<u>150,999</u>
Net assets		<u>153,056</u>	<u>155,018</u>	<u>107,810</u>	<u>113,330</u>
Equity attributable to owners of the Company					
Share capital		99,253	99,253	99,253	99,253
Revenue reserve		79,972	81,934	8,557	14,077
Other reserves		(26,169)	(26,169)	-	-
		<u>153,056</u>	<u>155,018</u>	<u>107,810</u>	<u>113,330</u>

	GROUP	
	As at 30-Sep-16 \$'000	As at 31-Dec-15 \$'000
Note 1:		
Borrowings - Bonds	143,000	150,000
Bonds - Issuance expenses		
- Non-current assets	(641)	(999)
- Current assets	(416)	(436)
	<u>(1,057)</u>	<u>(1,435)</u>
	<u>141,943</u>	<u>148,565</u>

Please refer to 1b(ii) on the repurchase and cancellation of S\$7,000,000 of the Bonds.

Note 2:		
Deferred tax liabilities		
Balance at beginning of the period / year	3,320	941
Movements during the period / year comprising:		
- Difference in net book value and tax-written-down-value of property, plant and equipment	2,437	3,092
- Unabsorbed capital allowances	(399)	(713)
Deferred tax charged to P&L during the period / year	<u>2,038</u>	<u>2,379</u>
Balance at end of the period / year	<u>5,358</u>	<u>3,320</u>

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

The Company issued \$150 million bonds on 17 April 2014 with maturity on 17 April 2019. The Bonds are unsecured and bear interest from 17 April 2014 at the rate of 5.20 per cent. per annum, payable semi-annually in arrears on 17 October and 17 April each year.

During the reporting quarter, the Company repurchased S\$7,000,000 of the Bonds. The repurchased Bonds have been cancelled and delisted from SGX-ST on 22 September 2016. Following the cancellation of the Bonds, the Company has a balance of S\$143 million in aggregated principal amount of Bonds.

	As at	
	30-Sep-16	31-Dec-15
	\$'000	\$'000
Borrowings - Bonds	143,000	150,000
Bonds - Issuance expenses	(1,057)	(1,435)
	<u>141,943</u>	<u>148,565</u>
Total bonds issuance expenses incurred	2,181	2,181
Accumulated amortisation	(1,069)	(746)
Amortisation on bonds repurchased	(55)	-
	<u>1,057</u>	<u>1,435</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	
	Third Quarter ended	30-Sep-15	Nine Months ended	30-Sep-15
	30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before taxation	650	1,809	5,820	14,671
Adjustments for:				
Depreciation and amortisation expenses	2,633	2,720	7,961	4,361
Loss/(gain) on disposal of plant and equipment	59	(4)	46	(2)
Fair value loss on bonds repurchased	140	-	140	-
Finance costs - Bonds	2,089	2,076	6,195	2,076
Interest income	(78)	(94)	(285)	(286)
Operating profit before working capital changes	5,493	6,507	19,877	20,820
Decrease/(increase) in inventories	45	(164)	77	(116)
Increase in trade receivables	1,403	1,502	401	85
(Increase)/decrease in other receivables and deposits and prepayments	(1,052)	439	(1,008)	2,041
Decrease/(increase) in non-current deposits	18	1,123	10	(309)
Increase/(decrease) in trade payables, other payables and liabilities, and fees received in advance	2,369	6,065	(12,986)	(11,807)
Cash generated from operations	8,276	15,472	6,371	10,714
Interest received	78	94	285	286
Income tax paid	-	(2,125)	(75)	(4,597)
Net cash generated from operating activities	8,354	13,441	6,581	6,403
Cash flows from investing activities				
Additions of intangible assets	(74)	(88)	(206)	(323)
Acquisition of property, plant and equipment	(134)	(8,450)	(284)	(65,302)
Bond interest paid capitalised as construction-in-progress	-	-	-	(3,889)
Bond interest paid and expensed	-	-	(3,911)	-
Proceeds from disposal of plant and equipment	2	14	56	66
Net cash used in investing activities	(206)	(8,524)	(4,345)	(69,448)
Cash flows from financing activities				
Dividends paid	-	-	(5,711)	(11,422)
Bonds repurchased	(7,268)	-	(7,268)	-
Net cash used in financing activities	(7,268)	-	(12,979)	(11,422)
Net increase/(decrease) in cash and cash equivalents	880	4,917	(10,743)	(74,467)
Cash and cash equivalents at beginning of the period	48,736	46,131	60,359	125,515
Cash and cash equivalents at end of the period	<u>49,616</u>	<u>51,048</u>	<u>49,616</u>	<u>51,048</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 (Note #)	Capital reserve \$'000 (Note *)	
GROUP							
2016							
Balance at 1 January 2016	99,253	81,934	(26,169)	1	(26,170)	-	155,018
Profit net of tax	-	1,344	-	-	-	-	1,344
Other comprehensive income for the period	-	-	-	(+)	-	-	(+)
Total comprehensive income for the period	-	1,344	-	(+)	-	-	1,344
Balance at 31 March 2016 and 1 April 2016	99,253	83,278	(26,169)	1	(26,170)	-	156,362
Profit net of tax	-	2,123	-	-	-	-	2,123
Other comprehensive income for the period	-	-	-	(+)	-	-	(+)
Total comprehensive income for the period	-	2,123	-	(+)	-	-	2,123
Distribution to owners							
Dividends	-	(5,711)	-	-	-	-	(5,711)
Total transactions with owners in their capacity as owners	-	(5,711)	-	-	-	-	(5,711)
Balance at 30 June 2016 and 1 July 2016	99,253	79,690	(26,169)	1	(26,170)	-	152,774
Profit net of tax	-	282	-	-	-	-	282
Other comprehensive income for the period	-	-	-	+	-	-	+
Total comprehensive income for the period	-	282	-	+	-	-	282
Balance at 30 September 2016	99,253	79,972	(26,169)	1	(26,170)	-	153,056
2015							
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 and 1 July 2015	99,253	43,560	13,831	1	(26,170)	40,000	156,644
Profit net of tax	-	1,768	-	-	-	-	1,768
Other comprehensive income for the period	-	-	-	+	-	-	+
Total comprehensive income for the period	-	1,768	-	-	-	-	1,768
Others							
Transfer to Revenue reserve	-	40,000	(40,000)	-	-	(40,000)	-
Total Others	-	40,000	(40,000)	-	-	(40,000)	-
Balance at 30 September 2015	99,253	85,328	(26,169)	1	(26,170)	-	158,412

+ 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.

Note * The capital reserve was previously established as a contingency reserve fund out of the revenue reserve for the purpose of building the new school. This capital reserve was no longer needed on completion of the new school and was transferred back to revenue reserve in Q3 2015.

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	Attributable to owners of the Company		
	Share capital \$'000	Revenue reserve \$'000	Total equity \$'000
COMPANY			
2016			
Balance at 1 January 2016	99,253	14,077	113,330
Profit net of tax	-	136	136
Total comprehensive income for the period	-	136	136
Balance at 31 March 2016 and 1 April 2016	99,253	14,213	113,466
Profit net of tax	-	79	79
Total comprehensive income for the period	-	79	79
Distribution to owners			
Dividends	-	(5,711)	(5,711)
Total transactions with owners in their capacity as owners	-	(5,711)	(5,711)
Balance at 30 June 2016 and 1 July 2016	99,253	8,581	107,834
Loss net of tax	-	(24)	(24)
Total comprehensive income for the period	-	(24)	(24)
Balance at 30 September 2016	<u>99,253</u>	<u>8,557</u>	<u>107,810</u>
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 and 1 July 2015	99,253	7,625	106,878
Profit net of tax	-	39	39
Total comprehensive income for the period	-	39	39
Balance at 30 September 2015	<u>99,253</u>	<u>7,664</u>	<u>106,917</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 2016, the Company has no outstanding convertibles (30 September 2015: nil).

	Group and company
	No of shares
At 1 January 2016, 31 March 2016, 30 June 2016 and 30 September 2016	<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-Sep-16</u>	<u>31-Dec-15</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 auditing standard or practice.

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

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 2015, 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 2016.

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-16 cents	30-Sep-15 cents	Nine Months Ended 30-Sep-16 cents	30-Sep-15 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	0.1	0.4	0.9	3.0
On a fully diluted basis	0.1	0.4	0.9	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	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	
	As at 30-Sep-16 cents	As at 31-Dec-15 cents	As at 30-Sep-16 cents	As at 31-Dec-15 cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	36.8	37.3	26.0	27.3

A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors that affected the turnover, costs and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Review of performance

Review of Income statement

The Group posted total revenue of \$21.79 million and \$69.93 million for the third quarter ended 30 September 2016 (Q3 2016) and the nine months ended 30 September 2016 (9M 2016) respectively. The decrease in total revenue compared to corresponding periods last year was due to lower student enrolments.

Details of revenue lines are as follows:

Revenue from tuition fees was lower at \$21.04 million in Q3 2016 compared to \$22.54 million in Q3 2015. For the nine-month period, tuition fees dropped to \$67.69 million in 9M 2016 from \$70.56 million in 9M 2015.

Revenue from registration fees was S\$0.20 million in Q3 2016 versus \$0.24 million in Q3 2015. For the nine-month period, registration fees revenue was lower at \$0.97 million in 9M 2016 compared to \$1.09 million in 9M 2015.

School shop revenue was \$0.37 million in Q3 2016 versus \$0.55 million in Q3 2015. For the nine-month period, school shop revenue was \$0.58 million in 9M 2016 compared to \$0.79 million in 9M 2015. Enrichment programme revenue increased to \$0.09 million in Q3 2016 from \$0.07 million in Q3 2015. For 9M 2016, enrichment programme revenue dropped marginally to \$0.36 million from \$0.38 million in 9M 2015.

Interest income was lower at \$0.08 million in Q3 2016 compared to \$0.09 million in Q3 2015. For 9M 2016, interest income was \$0.29 million comparable with 9M 2015. Other revenue ended at \$0.02 million and \$0.04 million in Q3 2016 and 9M 2016 respectively, compared to \$0.03 million and \$0.08 million for the comparable periods in 2015.

Total operating expenses decreased by \$0.57 million to \$21.14 million for the current quarter Q3 2016 from \$21.71 million in Q3 2015. The decrease was due to lower personnel expenses. For the nine-month period, total operating expenses increased by \$5.60 million to \$64.11 million in 9M 2016 from \$58.51 million in 9M 2015. The increase was due mainly to the depreciation expenses of the new school campus and finance costs on the bonds borrowings.

Personnel expenses were \$13.86 million in Q3 2016 as compared to \$14.65 million in Q3 2015. The decrease was due to non-renewal of academic contracts for the new semester commencing in August 2016 due to the lower student numbers. For the nine-month period, personnel expenses were stable at \$42.64 million in 9M 2016 and \$42.66 million in 9M 2015.

Depreciation expenses were marginally lower at \$2.47 million in Q3 2016 compared to \$2.56 million in Q3 2015. For the nine-month period, depreciation expenses were higher at \$7.45 million in 9M 2016 compared to \$3.86 million in 9M 2015 due mainly to the depreciation on leasehold land and school buildings, and higher depreciation on other plant and equipment at the new school campus which started from July 2015.

Utilities expenses were \$0.17 million and \$0.70 million in Q3 2016 and 9M 2016 respectively, compared to \$0.32 million and \$0.77 million in the corresponding periods of last year.

Upkeep and maintenance increased to \$0.43 million in Q3 2016 and \$0.80 million in 9M 2016, as compared to \$0.15 million and \$0.44 million in the corresponding periods of Q3 2015 and 9M 2015. The increase was due to renewal of several maintenance contracts after the expiry of the maintenance free period.

Finance costs - Bonds amounted to \$2.09 million in Q3 2016 and \$6.20 million in 9M 2016. For the nine-month period, finance costs were higher at \$6.20 million in 9M 2016 as compared to \$2.08 million in 9M 2015. The finance costs were expensed with effect from 1 July 2015 upon the completion of the new school campus but prior to 1 July 2015, these costs were capitalised as part of construction-in-progress.

Other operating expenses were higher by \$0.24 million and \$1.47 million in Q3 2016 and 9M 2016 respectively. The increase was due mainly to the revision of property tax for the new school campus with effect from the issuance of the Temporary Occupancy Permit. The property tax has been revised from \$0.23 million to \$1.08 million per annum. Bus transport expenses have also increased due to the provision of shuttle buses and additional buses for the afterschool extra-curricular activities for the students.

Profit before taxation ended at \$0.65 million for Q3 2016 compared to \$1.81 million in Q3 2015. For the nine-month period, profit before taxation ended at \$5.82 million for 9M 2016 compared to \$14.67 million for 9M 2015.

Income tax expense for Q3 2016 and 9M 2016 were \$0.37 million and \$2.07 million respectively, comprising mainly of the accrual of net deferred tax liabilities of \$0.36 million and \$2.04 million respectively. The income tax expense for Q3 2015 and 9M 2015 were \$0.04 million and \$2.05 million respectively. The net deferred tax liabilities recognised since Q3 2015 upon completion of the new school campus was due to the recognition of capital allowances on new assets acquired for the new school campus.

Profit after taxation for the third quarter ended at \$0.28 million for Q3 2016 compared to \$1.77 million for Q3 2015. Profit after taxation for the nine-month ended at \$3.75 million for 9M 2016 compared to \$12.62 million for 9M 2015.

Review of Group Balance Sheet as at 30 September 2016

Total property, plant and equipment at 30 September 2016 amounted to \$277.65 million compared to \$284.92 million at 31 December 2015. The decrease of \$7.27 million was due mainly to the depreciation charge for the reporting period.

Inventories for school uniforms, books and stationery supplies for sale at the school shop were at \$0.51 million at the end of Q3 2016 compared to \$0.59 million at 31 December 2015.

Trade receivables comprised amounts attributable to tuition fees, registration fees, school shop revenue and other revenue. The decrease of \$0.40 million at the end of Q3 2016 from 31 December 2015 was due mainly to the timing of collection of the receivables for the reporting period.

Total Deposits, Staff housing deposits and Other receivables and deposits of \$1.01 million at 30 September 2016 were higher than \$0.88 million at 31 December 2015 due to the additional deposits placed with our utilities provider and deposits for capital expenditure.

Goods and Services Tax receivable of \$0.30 million at 30 September 2016 arose mainly from credit notes issued for semester one 2016/2017 tuition fees.

The Group's cash and bank balances amounted to \$49.62 million at 30 September 2016 and \$60.36 million at 31 December 2015. The decrease was due to cash used in investing and financing activities, and explained in the review of Group cash flow below.

Trade and other payables and liabilities increased by \$1.04 million at 30 September 2016 due mainly to accrual of the revised property tax and provision for operating expenses.

Fees received in advance decreased from \$32.62 million at 31 December 2015 to \$21.69 million at 30 September 2016. The fees received in advance at 31 December 2015 were for tuition fees collected for the second semester commencing in January 2016. Fees received in advance at 30 September 2016 were for tuition fees for the first semester starting in August 2016, less tuition fees recognised in Q3 2016.

Bonds - Interest payable at 30 September 2016 was for the interest accrued on the \$143 million Bonds at 5.20% p.a. for the period from 17 April 2016 to 30 September 2016. The interest payable at 31 December 2015 was accrued on \$150 million Bonds for the period from 17 October 2015 to 31 December 2015. During Q3 2016, the Company repurchased and cancelled S\$7,000,000 of the Bonds. Please refer to 1b(ii) for additional information.

Deferred tax liabilities amounted to \$5.36 million at 30 September 2016. The increase from \$3.32 million at 31 December 2015 arose from the tax effect on temporary differences between the net book value and the tax-written-down-value of qualifying assets, offset by deferred tax asset from unabsorbed capital allowances.

Review of Group cash flow for the third quarter ended 30 September 2016

In Q3 2016, net cash generated from operating activities was \$8.35 million, which consisted of cash inflow from operating profit before working capital changes of \$5.49 million, net working capital inflow of \$2.78 million and interest received of \$0.08 million.

The above-mentioned net working capital inflow of \$2.78 million arose mainly from cash inflow relating to the increase in trade and other payables of \$2.37 million. There was also the increase in cash inflow from trade receivables of \$1.40 million, offset by the cash outflow from other receivables of \$1.05 million.

The net cash outflow in investing activities of \$0.21 million in Q3 2016 was due to the additions of intangible assets and property, plant and equipment.

The cash outflow in financing activities of \$7.27 million in Q3 2016 arose from the repurchase and cancellation of Bonds.

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.

Current economic outlook continues to be challenging. The foreign system schools (FSS) in Singapore are to a large extent dependent upon the ability of Singapore to continue to attract foreign direct investments.

With the completion of the new school campus at Pasir Ris and the launch of quality school programmes, the Group is well placed in the FSS market to compete and to support any expansion of foreign investments into Singapore.

11 Dividend**(a) Current financial period reported on**

The Board of Directors (the "Board") is pleased to declare an interim dividend for the current financial period as follows:

Name of dividend	FY2016 Interim Dividend
Dividend type	Cash
Dividend rate	S\$0.006875 per share
Tax rate	Tax-exempt (one-tier)
Date payable	24 November 2016

Date Payable

The Interim Dividend shall be payable on 24 November 2016.

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 16 November 2016 will be registered before entitlements to the Interim Dividend are determined.

Notice is hereby given that the share registers will be closed on 17 November 2016 for the preparation of Interim Dividend warrants.

(b) Corresponding period of the immediately preceding financial year

Name of dividend	FY2015 Special Dividend
Dividend type	Cash
Dividend rate	S\$0.01375 per share
Tax rate	Tax-exempt (one-tier)
Date paid	27 November 2015

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 2016 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:

As previously reported on 8 August 2016	\$59,623,970
Payment of balance retention sum as announced on 10 Oct 2016	\$6,011,575
Total amount utilised for the building of a new school campus	<u>\$65,635,545</u>
Balance proceeds	<u>\$2,398,440</u>

It is intended that the balance \$2,398,440 of the IPO Proceeds also be used wholly towards capital expenditure for the new school campus.

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

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

BY ORDER OF THE BOARD

David Alan Perry
Executive Chairman and Chief Executive Officer
8 November 2016