

# 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 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 Second Quarter ended			30-Jun-13 \$'000	GROUP Year to Date ended			Change %
	30-Jun-13 \$'000	30-Jun-12 \$'000	Change %		30-Jun-12 \$'000	Change %		
<b>Revenue</b>								
Tuition fees	24,872	22,214	12.0	49,006	95.7%	43,816	94.5%	11.8
Registration fees	641	956	(32.9)	1,112	2.2%	1,675	3.6%	(33.6)
School bookshop sales	146	129	13.2	340	0.7%	331	0.7%	2.7
Enrichment programme revenue	229	196	16.8	489	0.9%	415	0.9%	17.8
Interest income	133	38	250.0	248	0.5%	92	0.2%	169.6
Other revenue	14	27	(48.1)	28	0.0%	53	0.1%	(47.2)
<b>Total revenue</b>	<b>26,035</b>	<b>23,560</b>	<b>10.5</b>	<b>51,223</b>	<b>100.0%</b>	<b>46,382</b>	<b>100.0%</b>	<b>10.4</b>
<b>Operating expenses</b>								
Personnel expenses	13,687	13,331	2.7	27,100	52.9%	26,292	56.7%	3.1
School lease rental	1,708	1,694	0.8	3,415	6.7%	3,385	7.3%	0.9
Depreciation and amortisation expenses	985	1,081	(8.9)	2,027	4.0%	2,192	4.7%	(7.5)
Cost of goods sold	90	86	4.7	203	0.4%	205	0.5%	(1.0)
Enrichment programme cost	102	99	3.0	281	0.5%	244	0.5%	15.2
Utilities	227	250	(9.2)	399	0.8%	470	1.0%	(15.1)
Upkeep and maintenance	435	169	157.4	635	1.2%	363	0.8%	74.9
Other operating expenses	1,194	895	33.4	2,195	4.3%	1,920	4.1%	14.3
Share subsidy for staff shareholders	-	-	0.0	1,081	2.1%	-	0.0%	n.m.
<b>Total operating expenses</b>	<b>18,428</b>	<b>17,605</b>	<b>4.7</b>	<b>37,336</b>	<b>72.9%</b>	<b>35,071</b>	<b>75.6%</b>	<b>6.5</b>
<b>Profit before taxation</b>	<b>7,607</b>	<b>5,955</b>	<b>27.7</b>	<b>13,887</b>	<b>27.1%</b>	<b>11,311</b>	<b>24.4%</b>	<b>22.8</b>
Income tax expense	(1,344)	(1,000)	34.4	(2,421)	4.7%	(1,926)	4.2%	25.7
<b>Profit for the period</b>	<b>6,263</b>	<b>4,955</b>	<b>26.4</b>	<b>11,466</b>	<b>22.4%</b>	<b>9,385</b>	<b>20.2%</b>	<b>22.2</b>
Other comprehensive income for the period, net of tax	(+)	(+)	0.0	(+)		(+)		0.0
<b>Total comprehensive income for the period</b>	<b>6,263</b>	<b>4,955</b>	<b>26.4</b>	<b>11,466</b>	<b>22.4%</b>	<b>9,385</b>	<b>20.2%</b>	<b>22.2</b>
Attributable to:								
Owners of the Company	6,263	4,955	26.4	11,466	22.4%	9,385	20.2%	22.2
	<b>6,263</b>	<b>4,955</b>	<b>26.4</b>	<b>11,466</b>	<b>22.4%</b>	<b>9,385</b>	<b>20.2%</b>	<b>22.2</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		
	Second Quarter ended			Year to Date ended		
	30-Jun-13	30-Jun-12	Change	30-Jun-13	30-Jun-12	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Allowance for doubtful debt	14	0	n.m.	34	0	n.m.
Under provision of tax in respect of prior year	-	-	0.0	3	-	n.m.
(Gain)/Loss on disposal of plant and equipment	(4)	(16)	(75.0)	11	(12)	n.m.
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**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>30-Jun-13</b>	<b>31-Dec-12</b>	<b>30-Jun-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	36,845	8,917	159	174
Intangible assets	3,421	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	359	398	-	-
	<u>44,441</u>	<u>16,675</u>	<u>31,378</u>	<u>31,393</u>
<b>Current assets</b>				
Inventories	649	567	-	-
Trade receivables	2,478	1,169	-	-
Other receivables and deposits	467	374	74	6
Goods and Services Tax receivables	6	-	6	-
Prepayments	993	2,005	20	1,134
Cash and bank balances	10,891	2,456	903	723
Fixed deposits	103,653	92,000	68,153	12,000
	<u>119,137</u>	<u>98,571</u>	<u>69,156</u>	<u>13,863</u>
<b>TOTAL ASSETS</b>	<u>163,578</u>	<u>115,246</u>	<u>100,534</u>	<u>45,256</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables	591	205	-	-
Other payables	987	734	146	123
Amounts due to subsidiary	-	-	246	1,500
Fees received in advance	18,927	37,836	-	-
Goods and Services Tax payable	1,434	3,191	-	104
Central Provident Fund payable	324	448	8	32
Income tax payable	4,634	4,072	27	55
	<u>26,897</u>	<u>46,486</u>	<u>427</u>	<u>1,814</u>
<b>NET CURRENT ASSETS</b>	92,240	52,085	68,729	12,049
<b>Non-current liabilities</b>				
Deferred tax liabilities	1,172	1,328	-	-
<b>Net assets</b>	<u>135,509</u>	<u>67,432</u>	<u>100,107</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	22,425	22,382	854	12,223
Other reserves	13,831	13,831	-	-
	<u>135,509</u>	<u>67,432</u>	<u>100,107</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**

	<b>GROUP</b>		<b>GROUP</b>	
	<b>Second Quarter ended</b>	<b>Second Quarter ended</b>	<b>Year to Date ended</b>	<b>Year to Date ended</b>
	<b>30-Jun-13</b>	<b>30-Jun-12</b>	<b>30-Jun-13</b>	<b>30-Jun-12</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>				
Profit before taxation	7,607	5,955	13,887	11,311
Adjustments for:				
Depreciation expenses	806	898	1,654	1,816
Amortisation expenses	179	183	373	376
Gain on disposal of plant and equipment	(4)	(16)	11	(12)
Interest income	(133)	(38)	(248)	(92)
<b>Operating profit before working capital changes</b>	<b>8,455</b>	<b>6,982</b>	<b>15,677</b>	<b>13,399</b>
Increase in inventories	(20)	(50)	(82)	(46)
Increase in trade receivables	(1,804)	(1,126)	(1,309)	(1,648)
Decrease/(increase) in other receivables and deposits, GST receivables and prepayments	484	480	962	(760)
Decrease/(increase) in non-current deposits	9	(68)	35	(59)
(Decrease)/increase in trade payables and other payables and fees received in advance	(3,933)	946	(20,154)	(13,989)
<b>Cash generated from/(used in) operations</b>	<b>3,191</b>	<b>7,164</b>	<b>(4,871)</b>	<b>(3,103)</b>
Interest received	105	78	200	132
Income tax paid	(2,012)	(4,353)	(2,015)	(4,374)
<b>Net cash generated from/(used in) operating activities</b>	<b>1,284</b>	<b>2,889</b>	<b>(6,686)</b>	<b>(7,345)</b>
<b>Cash flows from investing activities</b>				
Additions of intangible assets	(120)	(137)	(245)	(310)
Acquisition of property, plant and equipment	(29,435)	(77)	(29,604)	(182)
Proceeds from disposal of plant and equipment	9	21	11	28
<b>Net cash used in investing activities</b>	<b>(29,546)</b>	<b>(193)</b>	<b>(29,838)</b>	<b>(464)</b>
<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)	-	(11,422)	(8,000)
<b>Net cash (used in)/generated from financing activities</b>	<b>(11,422)</b>	<b>-</b>	<b>56,612</b>	<b>(8,000)</b>
Net (decrease)/increase in cash and cash equivalents	(39,684)	2,696	20,088	(15,809)
Cash and cash equivalents at beginning of the period	154,228	61,124	94,456	79,629
<b>Cash and cash equivalents at end of the period</b>	<b>114,544</b>	<b>63,820</b>	<b>114,544</b>	<b>63,820</b>

- 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 #)			
<b>GROUP</b>							
<b>2013</b>							
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
<b>2012</b>							
Balance at 1 January 2012	31,219	9,726	13,831	1	(26,170)	40,000	54,776
Profit net of tax	-	4,430	-	-	-	-	4,430
Other comprehensive income for the period	-	-	-	(+)	-	-	(+)
Total comprehensive income for the period	-	4,430	-	(+)	-	-	4,430
Distribution to owners							
Dividends	-	(8,000)	-	-	-	-	(8,000)
Total transactions with owners in their capacity as owners	-	(8,000)	-	-	-	-	(8,000)
Balance at 31 March 2012 and 1 April 2012	31,219	6,156	13,831	1	(26,170)	40,000	51,206
Profit net of tax	-	4,955	-	-	-	-	4,955
Other comprehensive income for the period	-	-	-	(+)	-	-	(+)
Total comprehensive income for the period	-	4,955	-	(+)	-	-	4,955
Balance at 30 June 2012	31,219	11,111	13,831	1	(26,170)	40,000	56,161

+ 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)**

	<u>Attributable to owners of the Company</u>		
	<u>Share capital</u> \$'000	<u>Revenue reserve</u> \$'000	<u>Total equity</u> \$'000
<b>COMPANY</b>			
<b>2013</b>			
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
<b>2012</b>			
Balance at 1 January 2012	31,219	(274)	30,945
Profit net of tax	-	7,926	7,926
Total comprehensive income for the period	-	7,926	7,926
Distribution to owners			
Dividends	-	(8,000)	(8,000)
Total transactions with owners in their capacity as owners	-	(8,000)	(8,000)
Balance at 31 March 2012 and 1 April 2012	31,219	(348)	30,871
Profit net of tax	-	610	610
Total comprehensive income for the period	-	610	610
Balance at 30 June 2012	31,219	262	31,481

- 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 2013, the Company has no outstanding convertibles (30 June 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 31 March 2013 and 30 June 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.**

	<b>As at</b>	
	<b>30-Jun-13</b>	<b>31-Dec-12</b>
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 on or after 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.**

	<u>GROUP</u>		<u>GROUP</u>	
	<u>Second Quarter Ended</u> <u>30-Jun-13</u> cents	<u>30-Jun-12</u> cents	<u>Year to Date Ended</u> <u>30-Jun-13</u> cents	<u>30-Jun-12</u> 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	1.5	1.9	3.0	3.5
On a fully diluted basis	1.5	1.9	3.0	3.5

\* For comparative purposes, earnings per ordinary share of the Group for period ended 30 June 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.**

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>30-Jun-13</u> cents	<u>31-Dec-12</u> cents	<u>30-Jun-13</u> cents	<u>31-Dec-12</u> cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	32.6	25.4	24.1	16.4

**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 2013 (Q2 2013) and the six months ended 30 June 2013 (H1 2013), total revenue increased by \$2.48 million and \$4.84 million respectively. This was an improvement of 10.5% and 10.4% respectively as compared to the total revenue recorded in the comparative periods in the second quarter ended 30 June 2012 (Q2 2012) and the six months ended 30 June 2012 (H1 2012). The higher revenue was mainly contributed by the increase in revenue from tuition fees.

Tuition fees revenue increased from \$22.21 million in Q2 2012 to \$24.87 million in Q2 2013. Correspondingly, tuition fees also increased from \$43.82 million in H1 2012 to \$49.01 million in H1 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 2012.

Revenue from registration fees decreased from \$0.96 million in Q2 2012 to \$0.64 million in Q2 2013 as the school approached full capacity and the number of new registrations declined. Similarly, registration fees also reduced from \$1.68 million in H1 2012 to \$1.11 million in H1 2013.

Revenue from school bookshop sales increased by 13.2%, from \$0.13 million in Q2 2012 to \$0.15 million in Q2 2013. For the six months ended 30 June 2013, school bookshop sales accounted for \$0.34 million in revenue as compared to \$0.33 million in H1 2012, an improvement of 2.7%. Enrichment programme revenue increased from \$0.20 million in Q2 2012 to \$0.23 million in Q2 2013. Similarly, enrichment programme revenue improved from \$0.41 million in H1 2012 to \$0.49 million in H1 2013 as a result of higher enrichment fees in Q2 2013 and H1 2013.

Interest income was higher at \$0.13 million in Q2 2013 and \$0.25 million for H1 2013 as compared to \$0.04 million in Q2 2012 and \$0.09 million for H1 2012 respectively. Interest earning deposits increased mainly due to IPO proceeds received in the first quarter of 2013. Other revenue decreased from \$27,000 in Q2 2012 to \$14,000 in Q2 2013 and from \$53,000 in H1 2012 to \$28,000 in H1 2013.

In Q2 2013, total operating expenses increased by \$0.82 million from \$17.61 million in Q2 2012 to \$18.43 million, mainly due to higher personnel expenses, upkeep and maintenance and other operating expenses. Correspondingly, total operating expenses grew by 6.5% in H1 2013 as compared to H1 2012, mainly due to the increase in personnel expenses and the one-off IPO share subsidy for staff shareholders.

Personnel expenses were \$13.69 million in Q2 2013 as compared to \$13.33 million in Q2 2012, an increase of \$0.36 million. The personnel expenses were also higher in H1 2013 as compared to H1 2012 by \$0.81 million, increasing from \$26.29 million to \$27.10 million. This was due to increase in headcount of both administrative and academic staff, resulting in a rise in aggregate salaries and CPF contribution.

Depreciation and amortisation expenses of \$0.99 million and \$2.03 million in Q2 2013 and H1 2013 respectively were lower as compared to the corresponding periods of Q2 2012 and H1 2012. This was due to more fixed assets (in particular renovations) being fully depreciated by H1 2013.

Utilities decreased from \$0.25 million in Q2 2012 to \$0.23 million in Q2 2013, and from \$0.47 million in H1 2012 to \$0.40 million in H1 2013. There were costs in Q1 2012 relating to prior years, resulting in higher utilities expenses recorded in H1 2012.

Upkeep and maintenance increased by \$0.27 million in Q2 2013 and H1 2013 as compared to the corresponding periods in Q2 2012 and H1 2012. The increase was mainly due to re-painting of the school in Q2 2013.

Other operating expenses increased by \$0.30 million in Q2 2013 and by \$0.28 million in H1 2013 as compared to Q2 2012 and H1 2012 respectively. The increase was mainly due to general increase in expenses.

The share subsidy of \$1.08 million in H1 2013 was relating to the one-off 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 increased from \$5.96 million in Q2 2012 to \$7.61 million in Q2 2013, an increase of \$1.65 million. Consequently, profit before taxation improved by \$2.58 million in H1 2013 (\$13.89 million) as compared to the corresponding period in H1 2012 (\$11.31 million).

Effective tax rates for Q2 2013 and H1 2013 were 17.7% and 17.4% respectively, as compared to 16.8% in Q2 2012 and 17.0% in H1 2012. The higher effective tax rates in Q2 2013 and H1 2013 was mainly due to lower capital allowances.

Profit after taxation increased by \$1.30 million from \$4.96 million in Q2 2012 to \$6.26 million in Q2 2013. For H1 2013, profit after taxation was \$11.47 million as compared to \$9.39 million in H1 2012, an increase of \$2.08 million.



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

Property, plant and equipment increased by \$27.93 million from \$8.92 million as at 31 December 2012 to \$36.85 million as at 30 June 2013, mainly due to the provisional alienation premium paid on the land located at Pasir Ris Drive 3, Singapore for the development of the new school campus.

Trade receivables increased by \$1.31 million mainly due to increase in tuition fees charged.

Prepayments decreased by \$1.01 million due to all prepaid IPO expenses as at 31 December 2012 being netted against the gross proceeds raised from the IPO in Q1 2013.

As at 30 June 2013, the Group's cash and cash equivalents stood at \$114.54 million, up from \$94.46 million as at 31 December 2012, which was mainly contributed by the net proceeds from the issuance of shares pursuant to the IPO exercise in Q1 2013 less the payment of provisional alienation premium for the land.

The increase in trade payables of \$0.39 million as at 30 June 2013 was mainly due to more purchase of supplies by the School in preparation for the new academic year in August 2013 as compared to the end of December 2012, when the first semester of the previous academic year had ended and it was the School vacation.

Fees received in advance decreased from \$37.84 million as at 31 December 2012 to \$18.93 million as at 30 June 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 June 2013 were for tuition fees for the semester starting in August 2013. As at 30 June 2013, the fees for the semester starting in August 2013 were not yet due.

Goods and Services Tax payable was lower by \$1.76 million as at 30 June 2013, mainly due to GST receivable of \$1.96 million relating to the provisional alienation premium paid for the land, offset against GST payable for Q2 2013.

### **Review of Group cash flow for the second quarter ended 30 June 2013**

In Q2 2013, net cash generated from operating activities was \$1.28 million, which consisted of cash flows from operating activities before working capital changes of \$8.45 million, net working capital outflow of \$5.26 million, interest received of \$105,000 and income tax paid of \$2.01 million.

The net working capital outflow of \$5.26 million in Q2 2013 arose mainly from the decrease in fees received in advance of \$3.84 million as compared to Q2 2012. In addition, there was GST receivable of \$1.96 million relating to the land premium in Q2 2013. The increase in cash outflow in Q2 2013 was offset by the higher trade and other payables of \$0.93 million in Q2 2013.

The net cash outflow in investing activities of \$29.55 million in Q2 2013 was mainly due to the payment of the land premium for the development of the new school.

The cash outflow in financing activities of \$11.42 million in Q2 2013 was attributed to payment in May 2013 of the final dividend in respect of FY 2012.

**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 a large part of the Group's operating expenses. Any 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 2013, the Group increased the tuition fees approximately 8.5% on average across the four sections of our School.

**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 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  
August 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.