



AEC Education PLC

Unaudited Results for the six months ended 30 June 2008

AEC Education PLC (“AEC” or the “Company”), the provider of educational courses up to postgraduate degree level in Singapore, Malaysia, China and Vietnam, is pleased to announce it’s unaudited interim results for the six months ended 30 June 2008.

Highlights

- **Revenues up by 156% to £2.652m compared to £1.036m in the first half of 2007**
- **Profits after tax up by 95% to £223K compared to £114K in the first half of 2007**
- **Acquisition of Educational Resources Pte. Ltd. announced earlier in the year and the successful implementation of new programs have been the main contributors to this growth**

Operating Review

The gratifying financial performance in the first half of 2008 was mainly due to:

- a) the success of the new programs introduced in 2007 and 2008 which included Business Management, Hospitality Management, Logistics and Interactive Media at various levels.
- b) the acquisition of the balance of 65% of the equity in Educational Resources Pte. Ltd. as announced in January 2008.

Company Strategy

The business strategy of the Company continues to be:

- a) to improve and widen the scope of our successful existing programs and to continue to introduce new programs to meet changing demands in our markets.
- b) to expand the twinning programs between Singapore and countries such as Vietnam, China, Myanmar etc., to enable the Company to expand its provision of good quality, value for money programs for overseas students.
- c) to expand our links with established universities to provide pathways to degree and postgraduate qualifications.
- d) to promote and expand LCCI (London Chamber of Commerce and Industry) International qualifications as a route to finding employment and progressing to higher education programs within the Group.
- e) to continue with our strategy of building partnerships and acquiring synergistic educational organisations whose acquisition will provide increased platforms for growth.

These strategies have been effective in enabling the Company to expand its footprint to date.

Several new initiatives were also undertaken during the period. These included delivering diploma and degree programs offered by British Universities in Mandarin. This initiative will open up opportunities for students to work either in China or host countries dealing with China. The Company is also establishing links with several other well known universities in the UK to enable diploma holders from polytechnics in Singapore to further their studies to degree and postgraduate levels.

Outlook

The general economic climate worldwide is uncertain and we believe, unlikely to improve in the immediate future. It is difficult to say how these conditions will affect the international education market. However, your Board is optimistic that the Company's sound structures and plans should place it in a position to maintain this performance through the rest of the financial year.

Liam Swords
Chairman

UNAUDITED CONSOLIDATED PROFIT AND LOSS STATEMENT

	<u>Group</u>	<u>Group</u>
	<u>Six months</u>	<u>Six months</u>
	<u>To</u>	<u>To</u>
	<u>30 June</u>	<u>30 June</u>
<u>Note</u>	<u>2008</u>	<u>2007</u>
	<u>£'000</u>	<u>£'000</u>
	Unaudited	Unaudited
Turnover		
Sales of services and other revenue	(4) 2,652	1,036
Cost of Sales	(2,363)	(955)
Operating Profit	289	81
Profit from operations	289	81
Share of results of associated companies	19	66
Profit on ordinary activities before taxation	308	147
Tax on profit on ordinary activities	(91)	(33)
Profit on ordinary activities after taxation	217	114
Minority interests	6	-
Profit for the period	223	114
(Accumulated Loss) brought forward	(43)	(242)
Profit for the period	223	114
Dividends	(6) -	-
Retained Profits (Accumulated loss) carried forward	180	(128)
Earnings per share	Pence	Pence
Basic	(6) 1.2	0.8

UNAUDITED CONSOLIDATED BALANCE SHEET

	<u>Note</u>	<u>As at</u> <u>30 June 2008</u>	<u>As at</u> <u>30 June 2007</u>
		<u>£'000</u>	<u>£'000</u>
		Unaudited	Unaudited
Fixed assets			
Intangible Assets		2,268	160
Tangible Assets		275	135
Investments in associated companies	(7)	65	1,352
		2,608	1,647
Current Assets			
Debtors		1,468	921
Cash at bank and in hand		982	164
		2,450	1,085
Creditors			
Amounts falling due within one year		(2,238)	(940)
		212	145
Net Current Assets			
		212	145
Total Assets			
		2,820	1,792
Non-Current liabilities			
Term loan		(98)	-
Deferred taxation		(4)	-
		2,718	1,792
Equity attributable to equity holders of the Company			
Share capital		1,801	1,491
Share Premium		286	243
Reserves		584	58
		2,671	1,792
Minority interest in equity		47	
		2,718	1,792

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

	Six months 30 June 2008 Unaudited	Six months 30 June 2007 Unaudited
	£'000	£'000
Cash flow from operating activities	1,023	72
Returns on investment and servicing of finance		
Interest paid	(8)	(3)
Taxation		
Taxes paid	(64)	(23)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(65)	(31)
Development expenditure	(1)	-
Acquisition of investment in associated companies	(15)	-
Acquisition of subsidiary	(192)	-
	(273)	(31)
Cash flows from financing activities		
Increase/ (decrease) in finance lease liabilities	(3)	20
Repayment of term loan	(175)	-
Minority interests	-	-
	(178)	20
Net increase in cash and cash equivalents	500	35
Cash and cash equivalents at beginning of period	310	76
Cash and cash equivalents at end of period	810	111
Cash and cash equivalents consist of the following:		
Cash and bank balances	982	164
Bank overdraft	(172)	(53)
	810	111

Reconciliation of profit before tax to cash flow

	Six months 30 June 2008 Unaudited £'000	Six months 30 June 2007 Unaudited £'000
From operating activities		
Profit before tax	308	147
Adjustments for:		
Depreciation & amortisation	50	28
Interest paid	8	3
Share of results of associated companies	(19)	(67)
(Increase)/ decrease in debtors	(513)	(168)
Decrease in creditors	880	157
(Increase)/ decrease in inventories	(19)	6
Decrease/ (increase) in related parties	317	(36)
Translation	11	2
Cash flow from operating activities	1,023	72

Notes

1. Publication of non-statutory accounts and basis of preparation.

The financial information contained in this interim report does not constitute statutory accounts for the period ended 30 June 2008. The financial information for the period ended 30 June 2008 is derived from the unaudited consolidated accounts of AEC Edu Group Pte Ltd for the period, consolidated with the unaudited accounts of the Company on a merger basis. The comparative figures for the period ended 30 June 2007, are those as published in the Company's half year announcement made on 3 September 2007.

This report has been approved by the Board of Directors and is unaudited. This report does not comprise statutory accounts within the meaning of Section 240 of the Companies Act 1985.

2. General

The principal activities of the Company are that of investment holding and provision of educational consultancy services. There have been no significant changes in the principal activities of the subsidiary companies during the period.

3 Accounting Policies

The unaudited results for the six months ended 30 June 2008 have been prepared on the basis of International Financial Reporting standards (“IFRS”) and accounting policies consistent with those adopted for the year ended 31 December 2007, and to be adopted in respect of the year ending 31 December 2008.

4 Sale of Services

	June 2008 £'000	June 2007 £'000
Course fees and registration fees	1,521	809
Examination fees	758	-
Sales of systems and support services	238	165
Other income	135	62
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	2,652	1,036
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5 Dividend

During the current financial period, no dividend has been declared or recommended.

6 Earnings per share

Basic earning per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the relevant period. The weighted average number of shares in issue during the period was 18,008,738 (2007: 14,916,042).

7 Investments in Associated Companies

Details of associated companies held by AEC Edu Group Pte Ltd as at 30 June 2008 are as follows:

<u>Associated companies and country of incorporation</u>	<u>Principal activities (Place of business)</u>	<u>Equity held by the Group</u>	
		<u>2008</u> %	<u>2007</u> %
<u>Held by AEC.Edu Group Pte Ltd</u>			
Keris Murni Sdn Bhd (Malaysia)	Provides education services and the operation of education tuition centers (Malaysia)	30	30
Pusat Tuisyen Kasturi Sdn Bhd (Malaysia)	Provides education services and the operation of education tuition centre (Malaysia)	30	30
Kasturi Management Consultancy Sdn Bhd (Malaysia)	Provides education services and the operation of education tuition centre (Malaysia)	30	-
IMS Professional Training Services Sdn Bhd (Malaysia)	Provides education services and the operation of education tuition centre (Malaysia)	30	-

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Notes to Editors

AEC Education PLC is the UK holding company for a number of companies in Singapore, Malaysia, China and Vietnam that provide educational services to approximately 16,000 students in the Asia-Pacific region: source of the fastest-growing market for international students. AEC offers class-based instruction at its various educational campuses in Singapore, Malaysia, China and Vietnam and distance learning, up to postgraduate levels. It also provides degree qualifications on behalf of several leading international universities, targeting the large numbers of overseas students in the region, in line with the Singapore Government's Global Schoolhouse Vision to make Singapore an Education Hub.

AEC's aim is to be a leader in quality education through facilitating learning, fostering creativity and developing knowledge, skills and confidence in its students. The Company is recognised as a prestigious and forward thinking provider in the educational field and this is evidenced by the four sought after Singapore Quality Class Awards it has received from the Singapore Government.

In August 2006, AEC was again awarded the "Case Trust" Certification for Private Education Organizations, a student protection scheme for foreign students. This further endorses AEC's position as a recognized quality provider of education.