AEC Education Plc
("AEC" or the "Company")

Final Results for the year ended 31 December 2015

AEC Education the provider of educational services in Europe and the Far East announces its results for the year end 301 December 2015.

Key points

- Revenues GBP7.7m (2014:GBP8.1m)
- Operating loss of GBP1.4m (2014: loss of GBP1.5m)
- Loss before tax of GBP 1.4m (2014: loss of GBP 1.5m)
- Adjusted loss before tax and impairment charges GBP0.5m (2014: loss of GBP1.1m)
- Loss per share of 2.42p (2014:2.18p)

Liam Swords, Chairman of AEC, commented:

"In summary, 2015 was another difficult year in Singapore as we strived to regain revenue and profitability and the market in the UK remained in turmoil. The restructuring of the operations in Singapore and London is now complete and this combined with the return to profit in Malaysia and the continuing investment enabled by the sale of our operations in Ireland creates a platform from which AEC can continue to rebuild group profitability.

"The report and accounts are expected to be posted to shareholders shortly following which the Company will seek the restoration of trading in its shares on AIM. The Notice of the AGM of the Company to be held on 12 September 2016 will also be despatched shortly."

This announcement contains inside information as defined in Article 7 of the Market Abuse Regulation No. 596/2014 and is disclosed in accordance with the Company's obligations under Article 17 of those Regulations.

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CHAIRMAN'S STATEMENT

Overview
The year under review more or less mirrored the fortunes of the previous year. This can be summarised as follows:

Europe
- Trading in London continued to show a downturn and consequently London suffered a significant loss.
- Ireland again grew substantially and showed an operating profit, albeit, as noted below, this entity has now been sold in July 2016.
- In Cyprus, where the group has a joint venture interest, the market continued to be affected by the impact of the slowing economy in Russia, its main market, but this entity showed a small operating profit allowing our share of the joint venture to break even.

South East Asia/Middle East
- Singapore continued to recover and to gain some ground with its new product initiatives but not sufficiently to avoid an operating loss.
- Malaysia continued to recover strongly through its new market and new product initiatives and showed a good operating profit.

The market in the UK continued to be severely impacted by attitudes towards immigration, the likely terror threat and looking forward there will be increased uncertainty caused by the referendum on the European Union. To offset the impact of this the operation has been downsized and there is a strong focus on more local products and a wider offering to overseas students. The positive signs that begun to show in Malaysia last year continued strongly during the year and lays a firm base for next year. A key development since the year end was that in July 2016, Malvern House Ireland has been sold to enable the revival of London and Singapore to be supported.

During 2015, given the changes in the ongoing structure of the Group, the Board has undertaken an impairment review of the carrying value of its goodwill and intangible assets within the consolidated financial statements and of the investments held within the Plc entity.

Financial results and business review
Group revenues on continuing activities for the year to 31 December 2015 reduced by 5% to £7.7m (2014: £8.1m). The reduction was mainly due to the difficult trading conditions in certain jurisdictions including London. The Group continued with its programme of reducing operating costs during the year by continued focus on implementing effective cost control strategies in all units. Because of this the Group's loss before tax from continuing operations was £1.4m (2014: £1.5m). If the impact of these impairment charges is excluded, the adjusted group loss before tax and impairment charges is £0.5m (2014: £1.1m).

In evaluating our impairment assessment for goodwill and intangibles across the group we have considered our future plans and growth strategies for both Europe and South East Asia/Middle East, and assumptions on the future opportunities in Singapore regarding obtaining a new license for EduTrust which the group are currently exploring. In addition, we have considered impact of the disposal in July 2016 of Ireland and the future income streams arising from the royalties for which a commitment for one year has been obtained and an assumption has been made regarding renewal for future years.

During 2015 there has been a restatement of the prior year figures increasing the comparative loss by £0.4m from £1.1m previously reported for 2014 to £1.5m. This adjustment relates to an overstatement of income by £0.4m in 2014 in respect of the UK and Irish entities within the group. The comparative figures presented reflect this restatement.

A summary of performance across the two key operating segments, defined by the two 'sub-groups' of Malvern House Group Limited (Europe) and AEC Colleage Pte Limited (South East Asia/Middle East), can be summarised as follows:

Europe

- The London operation recorded an operating loss of £384k which after finance charges resulted in a loss of £541k. As we have previously reported, our operations in the UK have felt the significant effects of the changing legislation and regulations regarding visas and work permits for overseas students and the negative perception of this overseas continued again during 2015. Adding to this is the continuing threat from terrorism and looking forward there will be increased uncertainty regarding the European Market and the resulting reduced market is very challenging. This has caused our London operation to drop significantly during the year with the result that revenue in our Kings Cross school was down year on year by 26% to £2.4m (2014: £3.3m). This resulted in an operating loss of £384k (2014: profit of £89k). There has been significant investment in restructuring the operation, creating new products and new local market initiatives to find new sources of revenue both from new products and new areas of distribution which should begin to offset the negative effects in the London market during 2016.
- Ireland recorded turnover of £2.9m in 2015 (2014 - £2.1m) and an operating profit of £252k.
- Additionally, our share of the profit from our joint venture in Cyprus was at £1k (2014: £54k), which after central charges, would have resulted in a loss for 2015.

South East Asia/Middle East

- The Singapore College recorded an operating loss of £559k (2014: £761k) mainly due to special impairment of assets of £495k (2014: £866k). Excluding impairment, the operating loss was at £65k (2014: profit of £105k). In Asia, our operations in Singapore have started to show small improvements but as yet have been unable to return to profit. The revenue decreased by 77% to £193k (2014: £858k). The loss before tax was at £578k mainly due to impairment of investments of £495k . They have continued to market the new courses for diplomas / advanced diplomas in civil engineering / electrical engineering / mechanical engineering, higher diplomas in accounting and finance and working towards their recently acquired Approved Training Organization(ATO status) through the Singapore Workforce Development Agency which are tailored for the local market through government subsidies. Whilst growth has been slower than expected there are signs that they can return to profit in 2016.
- Malaysia returned an operating profit of £123k (2014: £47K). In Malaysia, revenue increased on the previous year by 19% largely based on local currency due to new product and market initiatives which commenced last year but the exchange rate decline against the British Pound meant it only showed a 8% growth. Revenue increased to £2.2m (2014: £2.0m) and profit before tax was £118k (2014: £42k). The gains in this year have created a strong platform and combined with initiatives that are being taken to create new university partnerships should enable them to continue the revenue and profit growth next year

The initiatives we have taken in Singapore to reduce costs and to focus on the local market have been slower than expected but should allow it to return to profit in 2016. Initiatives continue to be developed to generate revenue from non-traditional sources to improve the results in London.

The basic and diluted loss per share was 2.42p (2014: Loss of 2.18p).

Net cash at the end of the year stood at £0.42m (2014: £0.36m). During the year there was a cash injection of £949K from shareholders by means of an unguaranteed and zero interest loan.

From an AEC Education Plc entity perspective an impairment charge of £1.6m has been made in 2015 in respect of the carrying value of investments.

Dividend

The Board does not propose the payment of a final dividend for the year ended 31 December 2015 (2014: 0.00p per share).

Going concern

The Board has considered the preparation of the financial statements on the basis that the Company and Group are going concerns. The Group has good visibility on the various operations and have identified those operations that have exposure to funding requirements with those that are self-funding based on their ability to generate positive operating cash.

The Group's main source of fund are internally generated fund and shareholder loans which are unsecured and interest-free. Some of these loans will be converted to Capital during 2016, subject to shareholding limitations for conversions. These are further explained in various disclosures within the Annual report.

In making this assessment to prepare the financial statements on a going concern basis, the Board have additionally considered a number of factors including:

- Profit and cash flow projections for the group and its key operating entities based upon their assessment and plans for the operating entities in each of the key jurisdictions
- Evaluation of the working capital requirements of the business and its ability to meet liabilities as and when they fall due
- The proceeds arising from the disposal of Ireland in July 2016
- The agreement reached in July 2016 with certain shareholders to convert certain loans from them into ordinary shares in the company
- Plans for future raising of funds, probably through the issue of equity, to fund the growth and strategic plans for the business

The Directors recognise the need to raise further funding and they believe and anticipate that this will be achieved within the next 12 months. For this reason, they consider it appropriate to prepare the financial statements on the going concern basis but recognise that the reliance on future funding, which is not guaranteed, represents a material uncertainty.

Staff

On behalf of the Board I would like to thank all staff for their hard work and efforts during what has been a very difficult period. Their support as we continue to implement the changes to ensure the Group returns to sustainable profit is very much appreciated by the Board.

Prospects

In summary, 2015 was another difficult year in Singapore as we strived to regain revenue and profitability and the market in the UK remained in turmoil. The Malvern brand is still a major strength in international markets and we continue to pursue options to support further expansion overseas under the Malvern brand. The restructuring of the operations in Singapore and London is now complete and this combined with the return to profit in Malaysia and the continuing investment enabled by the sale of our operations in Ireland creates a platform from which AEC can continue to rebuild group profitability.

Liam Swords
Chairman
Date: 11 August 2016

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014 (Restated)
	£	£
Revenue		
Sale of services	**7,699,469**	8,126,722
Other income	**261,467**	457,972
	7,960,936	8,584,694
Cost of services sold	**3,864,736**	5,136,220
Salaries and employees’ benefits	**1,831,125**	2,059,555
Amortisation of brand, licences and trademarks	**165,166**	166,050
Depreciation of plant and equipment	**150,016**	203,710
Other operating expenses	**2,405,482**	2,176,610
Impairment of goodwill	**404,352**	-
Impairment of intangible assets	**495,648**	350,000
Total operating costs and expenses	**9,317,560**	10,092,145
Operating loss	**(1,356,588)**	(1,507,451)
Share of results of associated companies and joint ventures	**(965)**	53,829
Finance costs	**(43,747)**	(41,202)
Loss before income tax	**(1,400,336)**	(1,494,824)
Income tax charge	**(6,996)**	(28,986)
Loss for the year from continuing activities	**(1,407,332)**	(1,523,810)
Profit/(loss) for the year from discontinued activities	**-**	282,420
Loss for the year	**(1,407,332)**	(1,241,390)
Attributable to:		
Equity holders of the Company	**(1,525,426)**	(1,158,743)
Non-controlling interest	**118,094**	(82,647)
	(1,407,332)	(1,241,390)

	2015	2014 (Restated)
Loss per share on continuing activities (in pence)		
Basic	**(2.42)**	(2.18)
Diluted	**(2.42)**	(2.18)
Profit /(loss) per share on discontinued activities (in pence)		
Basic	**0.00**	0.45
Diluted	**0.00**	0.45

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014 (Restated)
	£	£
Loss for the year	**(1,407,332)**	(1,241,390)
Foreign currency translation movements	**(311,466)**	182,880
Other comprehensive (expense)/income for the year	**(311,466)**	182,880
Total comprehensive income for the year	**(1,718,798)**	(1,058,510)
Attributable to:		
Equity holders of the parent	**(1,837,769)**	(985,686)
Non-controlling interest	**138,971**	(72,824)
Total comprehensive income for the year	**(1,718,798)**	(1,058,510)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Group		Company	
	2015	2014 (Restated)	**2015**	2014
TOTAL ASSETS	**£**	£	**£**	£
Non-Current Assets				
Property, plant and equipment	**348,251**	450,042	**-**	-
Investment in subsidiary companies	**-**	-	**3,657,585**	5,260,107
Investment in joint ventures	**89,675**	97,799	**-**	-
Intangible assets	**2,445,611**	3,101,851	**-**	-
Goodwill	**1,312**	422,520	**-**	-
Deferred tax asset	**17,120**	-	**-**	-
	2,901,969	4,072,212	**3,657,585**	5,260,107
Current Assets				
Inventories	**9,142**	6,718	**-**	-
Trade receivables	**575,952**	677,573	**41,985**	-
Other receivables and prepayments	**804,003**	445,670	**111,022**	5,218
Tax recoverable	**13,020**	51,844	**13,020**	51,844
Amounts due from subsidiary companies	**-**	-	**622,442**	692,752
Amounts due from joint ventures	**32,428**	46,684	**-**	41,000
Amounts due from related parties	**-**	456	**-**	-
Cash and cash equivalents	**416,268**	360,746	**5,235**	14,816
	1,850,813	1,589,691	**793,704**	805,630
Total Assets	**4,752,782**	5,661,903	**4,451,289**	6,065,737

	Group		Company	
	2015	2014 (Restated)	**2015**	2014
	£	£	**£**	£
EQUITY AND LIABILITIES				
Non-Current Liabilities				
Financial liabilities	**7,492**	38,185	**-**	23,000
Deferred taxation liability	**3,323**	12,674	**-**	-
	10,815	50,859	**-**	23,000
Current Liabilities				
Trade payables	**535,940**	514,951	**-**	35,934
Deferred income	**756,282**	1,013,863	**-**	-
Other payables and accruals	**1,487,997**	1,140,218	**239,686**	31,638
Amounts due to subsidiary companies	**-**	-	**60,039**	1,243,545
Amounts due to joint ventures	**-**	38,673	**-**	-
Amounts due to related parties	**1,589,052**	801,358	**1,492,430**	368,079
Financial liabilities	**31,383**	39,654	**-**	14,000
Provision for income tax	**18,949**	26,667	**-**	-
	4,419,603	3,575,383	**1,792,155**	1,693,196
Total liabilities	**4,430,418**	3,626,243	**1,792,155**	1,716,196
Equity attributable to equity holders of the Company				
Share capital	**5,362,491**	5,362,491	**5,362,491**	5,362,491
Share premium	**896,111**	896,111	**896,111**	896,111
Share based compensation reserve	**-**	-	**-**	-
Retained earnings	**(6,964,400)**	(5,444,476)	**(3,599,468)**	(1,909,061)
Translation reserve	**893,916**	1,297,945	**-**	-
Capital reserve	**142,932**	170,560	**-**	-
	327,177	2,282,631	**2,659,134**	4,349,541
Non-controlling interests	**(4,813)**	(246,971)	**-**	-
Total equity	**322,364**	2,035,660	**2,659,134**	4,349,541
Total Equity and Liabilities	**4,752,782**	5,661,903	**4,451,289**	6,065,737

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Share Capital	Share Premium	Share-Based Payment Reserve	Retained Earnings	Translation Reserve	Capital Reserve	Attributable To Equity Holders Of The Company	Non-controlling Interests	Total
	£	£	£	£	£	£	£	£	£
Balance at 1 January 2014	5,362,491	896,111	239,044	(4,524,777)	1,124,888	170,560	3,268,317	(174,147)	3,094,170
Loss for the year (as restated)	-	-	-	(1,158,743)	-	-	(1,158,743)	(82,647)	(1,241,390)
Total other comprehensive income	-	-	-	-	173,057	-	173,057	9,823	182,880
Total comprehensive income for the year	-	-	-	(1,158,743)	173,057	-	(985,686)	(72,824)	(1,058,510)
Share based compensation transfer	-	-	(239,044)	239,044	-	-	-	-	-
Balance at 31 December 2014/ 1 January 2015 (as restated	5,362,491	896,111	-	(5,444,476)	1,297,945	170,560	2,282,631	(246,971)	2,035,660
Loss for the year	-	-	-	(1,525,426)	-	-	(1,525,426)	118,094	(1,407,332)
Total other comprehensive income	-	-	-	-	(332,343)	-	(332,343)	20,877	(311,466)
Total comprehensive income for the year	-	-	-	(1,525,426)	(332,343)	-	(1,857,769)	138,971	(1,718,798)
Unclaimed dividends returned	-	-	-	5,502	-	-	5,502	-	5,502
Balance at 31 December 2015	**5,362,491**	**896,111**	**-**	**(6,964,400)**	**965,602**	**170,560**	**430,364**	**(108,000)**	**322,364**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 £	2014 £ (Restated)
Cash Flows from Operating Activities		
Loss before income tax from continuing activities	**(1,400,336)**	(1,494,824)
Profit/(loss) before income tax from discontinued activities	**-**	282,419
Adjustments for:		
Amortisation of intangible assets	**165,166**	166,050
Depreciation of property, plant and equipment	**150,016**	203,710
Impairment of goodwill	**404,352**	-
Impairment of intangible assets	**495,648**	350,000
Loss on disposal of plant and equipment	**9,920**	170,481
Non-cash elements of profit on discontinued activities	**-**	(52,104)
Interest expense	**43,747**	41,201
Interest income	**-**	(244)
Others	**965**	
	(130,522)	(387,140)
Changes in working capital:		
Receivables	**(137,221)**	724,582
Payables	**(63,954)**	(1,693,920)
Inventories	**(2,424)**	2,511
Related parties and associated companies	**632,497**	231,777
	298,376	(735,050)
Taxation	**(7,718)**	(4,741)
Net cash used from operating activities	**290,658**	(739,791)
Cash Flows from Investing Activities		
Interest received	**-**	244
Dividends received		40,303
Purchases of property, plant and equipment	**(90,649)**	(68,254)
Purchase of trademarks and licences	**-**	(14,685)
Net cash used in investing activities	**(90,649)**	(42,392)
Cash Flows from Financing Activities		
Interest paid	**(43,747)**	(41,201)
Repayment of term loan	**(37,204)**	(62,378)
Finance leases	**(38,964)**	(34,939)
Dividends Refund	**5,502**	
Net cash generated by/(used in) financing activities	**(114,413)**	(138,518)
Effect of foreign exchange rate changes on consolidation	**(30,074)**	193,236
Net decrease in cash and cash equivalents	**55,522**	(1,114,605)
Cash and cash equivalents at the beginning of the Year	**360,746**	1,475,351
Cash and cash equivalents at the end of the year	**416,268**	360,746

NOTES

1. General Information

AEC Education plc (the "Company") is a public limited liability company incorporated in England and Wales on 8 July 2004. The Company was admitted to AIM on 10 December 2004. Its registered office is Witan Gate House, 500-600 Witan Gate West, Milton Keynes MK9 1SH and its principal place of business is in Singapore. The registration number of the Company is 05174452.

The principal activities of the Company are that of investment holding and provision of educational consultancy services. The principal activity of the group is to provide an educational offering that is broad and geared principally towards preparing students to meet the demands of business and management. The specific principal activities of the subsidiary companies are set out in note 12 to the financial statements. There have been no significant changes in the nature of these activities during the year.

2. Segmental Information

All revenue and profit before taxation arises from operations in the education sector. Reportable segments are based on the geographical area where operations are based comprising Europe (UK, Ireland and Cyprus) and South East Asia/Middle East (Malaysia and Singapore). These segments represent the respective sub-groups of Malvern House Group Limited (Europe) and AEC Colleage Pte Limited (South East Asia/Middle East).

The segmental analysis is as follows:

	Europe	South East Asia/Middle East	Total
2015	£	£	£
Revenue from external customers	**5,352,035**	**2,347,434**	**7,699,469**
Depreciation, write offs and amortisation	**(1,092,797)**	**(122,384)**	**(1,215,181)**
Loss before taxation	**(1,293,465)**	**(106,871)**	**(1,400,336)**
Taxation charge	**16,050**	**(23,046)**	**(6,996)**
Profit on discontinued activities	**-**	**-**	**-**
Loss for the year	**(1,277,415)**	**(129,917)**	**(1,407,332)**
Segmental assets	**1,988,438**	**2,764,344**	**4,752,782**
Segmental liabilities	**(3,178,018)**	**(1,252,400)**	**(4,430,418)**
Additions to non-current assets	**17,120**	**-**	**17,120**
2014 (Restated)			
Revenue from external customers	5,267,983	3,313,711	8,584,693
Depreciation, write offs and amortisation	(182,036)	(537,724)	(719,760)
Loss before taxation	(444,326)	(1,050,498)	(1,494.824)
Taxation charge	(4,685)	(24,301)	(28,986)
Profit on discontinued activities	76,313	206,106	282,419
Loss for the year	(372,697)	(868,693)	(1,241,391)
Segmental assets	3,706,133	1,955,770	5,661,903
Segmental liabilities	(4,906,914)	1,334,671	(3,626,242)
Additions to non-current assets	38,970	43,969	82,939

Note that the Segmental liabilities figure for South East Asia and the Middle East is shown as a net asset due to the treatment of the amount due from Europe to South East Asia for funding being shown as a liability in the former and an asset in the latter.

3. Earnings/(Loss) Per Share

The basic and diluted earnings/(loss) per share on continuing activities was based on the loss attributable to shareholders of £1,525,426 (2014: restated loss of £1,241,391) and the weighted average number of ordinary shares in issue during the year of 63,051,043 shares (2014: 63,051,043 shares).

The basic and diluted earnings/(loss) per share on discontinued activities was based on the profit attributable to shareholders of £0 (2014: £282,419) and the weighted average number of ordinary shares in issue during the year of 63,051,043 shares (2014: 63,051,043 shares).

By 31 December 2014, all previously issued options had lapsed . There were no outstanding options in 2015.

4.

The Annual Report will be sent to shareholders by close of business on or around 18 August 2016. Additional copies will be available to the public, free of charge, from the Company's website ww.aeceducationplc.co.uk.