

Financial Statements for the Half Year Ended 31 December 2011

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
HALF-YEAR AND FULL YEAR RESULTS**

**1(a) An income statement (for the group) together with a comparative statement for the
corresponding period of the immediately preceding financial year**

UNAUDITED HALF YEAR CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Group		
	First half ended 31/12/11 \$'000	(Restated)* First half ended 31/12/10 \$'000	Increase/ (Decrease) %
Revenue	71,998	83,562	(14)
Other operating income	31,556	2,643	1094
Personnel expenses	(30,494)	(27,717)	10
Depreciation and amortisation expenses	(7,854)	(8,463)	(7)
Other operating expenses	(36,245)	(36,280)	-
Finance costs	(5,393)	(5,715)	(6)
Share of results of associates	151	165	(8)
Profit before income tax	23,719	8,195	189
Income tax expense	(2,838)	(2,678)	6
Net profit	20,881	5,517	278
Other comprehensive income:			
Currency translation differences arising from consolidation of foreign operations	23,153	(17,493)	NM
Total comprehensive income	44,034	(11,976)	NM
Attributable to:			
Equity holders of the Company	21,242	6,327	236
Non-controlling interests	(361)	(810)	(55)
Net profit	20,881	5,517	278
Attributable to:			
Equity holders of the Company	41,603	(9,272)	NM
Non-controlling interests	2,431	(2,704)	NM
Total comprehensive income	44,034	(11,976)	NM

NM – Not meaningful

* Refer to paragraph 5

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

NOTES TO THE UNAUDITED HALF YEAR CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Group		
	First half ended 31/12/11 \$'000	(Restated)* First half ended 31/12/10 \$'000	Increase/ (Decrease) %
Interest income ^{1,2}	1,043	634	65
Gain on disposal of investment properties ¹	413	-	NM
Gain on disposal of available-for-sale financial assets ¹	9,022	-	NM
Gain on disposal of interests in subsidiary ¹	15,902	-	NM
Net foreign exchange gain / (loss)	2,976	(1,955)	NM
Write back for doubtful trade receivables	4	618	(99)
Bad trade receivables written off	(148)	(314)	(53)
Rental expenses	(6,840)	(7,103)	(4)
Share-based payments	(279)	(190)	47
Amortisation of finance charge on non-current payables ³	(2,704)	(2,614)	3
(Under)/over provision of income tax expense in prior periods	(142)	687	NM

NM – Not meaningful

¹ included in other operating income

² included amortization of finance income on non-current receivable of \$444,000 (1HFY2011: Nil)

³ included in finance costs

* Refer to paragraph 5

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Group		
	Second Quarter ended 31/12/11 \$'000	(Restated)* Second Quarter ended 31/12/10 \$'000	Increase/ (Decrease) %
Revenue	36,075	41,383	(13)
Other operating income	12,739	1,290	888
Personnel expenses	(16,415)	(14,189)	16
Depreciation and amortisation expenses	(4,076)	(4,365)	(7)
Other operating expenses	(19,816)	(16,669)	19
Finance costs	(2,899)	(2,690)	8
Share of results of associates	65	58	12
Profit before income tax	5,673	4,818	18
Income tax expense	(1,678)	(1,333)	26
Net profit	3,995	3,485	15
Other comprehensive income:			
Currency translation differences arising from consolidation of foreign operations	10,941	(1,835)	NM
Total comprehensive income	14,936	1,650	805
Attributable to:			
Equity holders of the Company	3,503	3,875	(10)
Non-controlling interests	492	(390)	NM
Net profit	3,995	3,485	15
Attributable to:			
Equity holders of the Company	13,079	2,154	507
Non-controlling interests	1,857	(504)	NM
Total comprehensive income	14,936	1,650	805

NM – Not meaningful

* Refer to paragraph 5

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

NOTES TO THE UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Group		
	Second Quarter ended 31/12/11 \$'000	(Restated)* Second Quarter ended 31/12/10 \$'000	Increase/ (Decrease) %
Interest income ^{1,2}	523	341	53
Gain on disposal of investment properties ¹	413	-	NM
Gain on disposal of available-for-sale financial assets ¹	9,022	-	NM
Foreign exchange gain / (loss)	1,252	(93)	NM
Write back for doubtful trade receivables	4	337	(99)
Bad trade receivables written off	(83)	(174)	(52)
Rental expenses	(3,484)	(3,606)	(3)
Share-based payments	(151)	(83)	82
Amortisation of finance charge on non-current payables ³	(1,389)	(1,300)	7
(Under)/over provision of income tax expense in prior periods	(142)	674	NM

NM – Not meaningful

¹ included in other operating income

² included amortization of finance income on non-current receivable of \$222,000 (FY2011Q2: Nil)

³ included in finance costs

* Refer to paragraph 5

1(b)(i). A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

UNAUDITED STATEMENTS OF FINANCIAL POSITION	Group		Company	
	31/12/11 \$'000	30/06/11 \$'000	31/12/11 \$'000	30/06/11 \$'000
Non-current assets				
Property, plant and equipment	189,245	163,147	-	-
Investment properties	616,697	592,548	-	-
Investment in subsidiaries	-	-	364,149	363,932
Investment in associates	1,246	1,242	-	-
Available-for-sale financial assets	618	4,411	-	-
Intangible assets	204,466	205,161	206	191
Other receivables	34,643	-	-	-
	1,046,915	966,509	364,355	364,123
Current assets				
Inventories	132	122	-	-
Trade and other receivables	87,291	77,068	258,505	238,913
Cash and cash equivalents	67,695	64,768	1,963	1,227
	155,118	141,958	260,468	240,140
Assets classified as held for sale	-	27,391	-	-
	155,118	169,349	260,468	240,140
Less:				
Current liabilities				
Trade and other payables	187,261	69,557	48,947	54,237
Course and education service deferred income	35,479	11,583	-	-
Income tax payable	10,253	10,989	78	708
Borrowings	167,100	164,370	136,000	132,000
	400,093	256,499	185,025	186,945
Net current (liabilities)/assets	(244,975)	(87,150)	75,443	53,195
Less:				
Non-current liabilities				
Trade and other payables	80,167	185,458	-	-
Borrowings	49,250	66,394	-	-
Deferred tax liabilities	22,063	20,758	-	-
	151,480	272,610	-	-
Net assets	650,460	606,749	439,798	417,318
Capital and reserves				
Share capital	458,079	458,079	458,079	458,079
Treasury shares	(21,383)	(21,383)	(21,383)	(21,383)
Reserves	164,467	125,198	3,102	(19,378)
Equity attributable to equity holders of the Company	601,163	561,894	439,798	417,318
Non-controlling interests	49,297	44,855	-	-
	650,460	606,749	439,798	417,318

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

GROUP BORROWINGS AND DEBTS SECURITIES	Group	
	31/12/11 \$'000	30/06/11 \$'000
<u>Amount repayable in one year or less, or on demand:</u>		
Secured	6,656	9,354
Unsecured	160,444	155,016
	167,100	164,370
<u>Amount repayable after one year:</u>		
Secured	49,250	60,394
Total borrowings	216,350	230,764

Details of collateral

The bank borrowings were secured by letter of guarantee by the Group and certain properties of the Group.

1(c) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS	Second Quarter ended 31/12/11 \$'000	(Restated)* Second Quarter ended 31/12/10 \$'000
Cash flows from operating activities		
Profit before income tax	5,673	4,818
Adjustments for:		
Write back for doubtful trade receivables	(4)	(337)
Amortisation of intangible assets	551	469
Impairment of goodwill	5	-
Bad trade receivables written off	83	174
Depreciation for property, plant and equipment	3,525	3,896
Gain on disposal of investment properties	(413)	-
Gain on disposal of available-for-sale financial assets	(9,022)	-
Interest expense	2,899	2,690
Interest income	(523)	(341)
Net loss on disposal of plant and equipment	18	1
Loss on exchange of land	-	170
Share of results of associates	(65)	(58)
Share-based payments	151	83
Operating profit before working capital changes	2,878	11,565
Working capital changes:		
Trade and other receivables	5,306	9,226
Inventories	(3)	465
Course and education service deferred income	(12,733)	(14,948)
Trade and other payables	9,514	(5,478)
Cash generated from operations	4,962	830
Interest paid	(1,510)	(1,390)
Interest received	301	341
Income and withholding tax paid	(3,214)	(2,326)
Net cash from/(used in) operating activities	539	(2,545)
Cash flows from investing activities		
Proceeds from sale of plant and equipment	4	625
Proceeds from sale of investment properties	1,903	-
Proceeds from sale of available-for-sale financial assets	13,077	-
Advance payment for development cost of new projects	(616)	-
Purchase of property, plant and equipment	(6,069)	(3,874)
Dividend and redemption of available-for-sale financial asset	184	646
Payment of remaining purchase consideration for acquisition of subsidiaries	(16,219)	(13,452)
Deposit for acquisition of building	-	(650)
Additions of development costs	(270)	(535)
Additions of computer software	(132)	(144)
Additions of trademarks	(5)	(4)
Acquisition of non-controlling interests	(16)	-
Dividends received from associate	65	42
Net cash used in investing activities	(8,094)	(17,346)

* Refer to paragraph 5

1(c) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)**

UNAUDITED	Second Quarter ended 31/12/11 \$'000	(Restated)* Second Quarter ended 31/12/10 \$'000
CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)		
Cash flows from financing activities		
Draw down of borrowings	-	23,180
Repayment of borrowings	(10,023)	(11,676)
Purchase of treasury shares	-	(4,585)
Dividend paid on ordinary share	(3,845)	-
Net cash (used in)/from financing activities	(13,868)	6,919
Net change in cash and cash equivalents	(21,423)	(12,972)
Cash and cash equivalents at beginning of financial period	90,670	95,733
Net effect of exchange rate changes	(1,552)	(802)
Cash and cash equivalents at end of financial period	67,695	81,959

* Refer to paragraph 5

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

GROUP	Attributable to equity holders of the Company						Non-controlling Interests	Total Equity
	Share Capital	Treasury shares	Foreign	Share-	Accumulated	Total		
			currency translation reserve	based payment reserve				
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
2012								
Balance at 1 October 2011	458,079	(21,383)	(18,313)	2,217	171,180	591,780	47,454	639,234
Total comprehensive income for the financial period	-	-	9,576	-	3,503	13,079	1,857	14,936
Share-based payments	-	-	-	151	-	151	-	151
Dividends on ordinary shares	-	-	-	-	(3,845)	(3,845)	-	(3,845)
Acquisition of non-controlling interests	-	-	-	-	(2)	(2)	(14)	(16)
Balance at 31 December 2011	458,079	(21,383)	(8,737)	2,368	170,836	601,163	49,297	650,460
2011								
Balance at 1 October 2010 (Restated)*	458,079	(16,798)	(15,464)	1,903	118,039	545,759	36,313	582,072
Total comprehensive income as previously reported	-	-	(1,711)	-	5,628	3,917	(92)	3,825
Restatement*	-	-	(10)	-	(1,753)	(1,763)	(412)	(2,175)
Total comprehensive income (Restated)*	-	-	(1,721)	-	3,875	2,154	(504)	1,650
Share-based payments	-	-	-	83	-	83	-	83
Repurchase of shares	-	(4,585)	-	-	-	(4,585)	-	(4,585)
Balance at 31 December 2010 (Restated)*	458,079	(21,383)	(17,185)	1,986	121,914	543,411	35,809	579,220

* Refer to paragraph 5

COMPANY	Share capital	Treasury shares	Share-based payment reserve	Accumulated profits/ (losses)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2012					
Balance at 1 October 2011	458,079	(21,383)	2,217	4,404	443,317
Total comprehensive income	-	-	-	175	175
Share-based payments	-	-	151	-	151
Dividends on ordinary shares	-	-	-	(3,845)	(3,845)
Balance at 31 December 2011	458,079	(21,383)	2,368	734	439,798
2011					
Balance at 1 October 2010	458,079	(16,798)	1,903	(31,644)	411,540
Total comprehensive income	-	-	-	1,973	1,973
Share-based payments	-	-	83	-	83
Repurchase of shares	-	(4,585)	-	-	(4,585)
Balance at 31 December 2010	458,079	(21,383)	1,986	(29,671)	409,011

- 1(d)(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 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**

SHARE CAPITAL

During the financial period ended 31 December 2011, no ordinary shares were issued in respect of the conversion of share options.

As at 31 December 2011, the company has 874,401,361 issued and fully paid ordinary shares (including 19,932,000 treasury shares).

SHARE OPTIONS

As at 31 December 2011, there was unexercised share option for 4,557,878 (31 December 2010: 2,892,667[#]) unissued ordinary shares under the Raffles Education Corp Employees' Share Option Scheme.

TREASURY SHARES

As at 31 December 2011, there were 19,932,000 treasury shares (31 December 2010: 19,932,000[#]).

[#] Comparatives are restated to take into consideration for the share consolidation of three (3) existing shares held by shareholders into one (1) consolidated share on 1 April 2011.

- 1(d)(iii) To show total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediate preceding year.**

The total number of issued shares was 854,469,361 as at 31 December 2011 and 30 June 2011.

- 1(d)(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.**

There were no sales, transfer, disposal, cancellation and/or use of treasury shares for the financial period ended 31 December 2011.

- 2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Review Engagements (SSRE) 2400, or an equivalent standard)**

The figures have not been audited or reviewed.

- 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 consistently applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited annual financial statements as at 30 June 2011.

In the current financial year, the Group has adopted all applicable new/amended/revised Singapore Financial Reporting Standards ("FRS") and Interpretation of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year beginning on 1 July 2011. The adoption of these new/revised FRS and INT FRS does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

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

As disclosed in FY2011 full year results announcement, the Land Bureau of Langfang, People's Republic of China, had confirmed that the disposal of land by Oriental University City ("OUC") reported in FY2011 Q1 to FY2011 Q3 was now part of the resumption of land for rezoning by the Chinese government. Instead of treating the land as being disposed, the Group had recognised the land as investment property. Correspondingly the gain of \$6.5 million less tax of \$0.2 million and \$2.2 million, less tax of \$0.1 million from disposal of land in the comparative period FY2011 1H and Q2 respectively have been reversed.

The following comparative figures for the FY2011 1H & Q2 results have been restated as a result of the above restatement.

(Group)	First half ended 31/12/10 (as restated) \$'000	First half ended 31/12/10 (as previously reported) \$'000
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
Other operating income	2,643	9,168
Income tax expense	(2,678)	(2,841)
Other comprehensive income:		
Currency translation differences arising from consolidation of foreign operations	(17,493)	(17,520)
Attributable to:		
Equity holder of the company	6,327	11,480
Non-controlling interests	(810)	399
Net profit	5,517	11,879
Attributable to:		
Equity holder of the company	(9,272)	(4,143)
Non-controlling interests	(2,704)	(1,498)
Total comprehensive income	(11,976)	(5,641)

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 (Cont'd)**

The following comparative figures for the FY2011 Q2 results have been restated as a result of the above restatement (Cont'd).

(Group)	Second Quarter ended 31/12/10 (as restated) \$'000	Second Quarter ended 31/12/10 (as previously reported) \$'000
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
Other operating income	1,290	3,509
Income tax expense	(1,333)	(1,388)
Other comprehensive income:		
Currency translation differences arising from consolidation of foreign operations	(1,835)	(1,824)
Attributable to:		
Equity holder of the company	3,875	5,628
Non-controlling interests	(390)	21
Net profit	3,485	5,649
Attributable to:		
Equity holder of the company	2,154	3,917
Non-controlling interests	(504)	(92)
Total comprehensive income	1,650	3,825

(Group)	Second Quarter ended 31/12/10 (as restated) \$'000	Second Quarter ended 31/12/10 (as previously reported) \$'000
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION		
Investment properties	469,595	465,823
Trade and other receivables	84,642	94,912
Income tax payable	13,853	14,015
Net current liabilities	89,066	78,958
Net assets	579,220	585,555
Reserves	106,715	111,844
Non-controlling interests	35,809	37,015
Capital and reserves	579,220	585,555

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

Earnings Per Share (EPS) based on net profit attributable to shareholders of the Group	Group		
	Second Quarter ended 31/12/11	(Restated)* Second Quarter ended 31/12/10	Change +/- %
(i) Based on the weighted average number of shares (in cents)	0.41 cents	0.45 cents	(9)
- Weighted average number of shares	854,469,361	857,503,553	
(ii) On a fully diluted basis (in cents)	0.41 cents	0.45 cents	(9)
- Adjusted weighted average number of shares	854,470,179	857,541,304	

* Comparatives are restated to take into account paragraph 5 and the share consolidation of three existing shares held by shareholders into one share during the prior financial year.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

NET ASSET VALUE (NAV)

	Group		Change +/- %	Company		Change +/- %
	31/12/11	30/06/11		31/12/11	30/06/11	
NAV per ordinary share	70.36 cents	65.76 cents	7.0	51.47 cents	48.84 cents	5.4

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**

COMMENTARY ON THE GROUP STATEMENT OF COMPREHENSIVE INCOME

Group revenue decreased 13% from \$41.4 million for FY2011 Q2 to \$36.1 million for FY2012 Q2 taking into account the following:

- a) Increase in Asia Pacific (Ex-People's Republic of China "PRC") revenue by \$2.1 million from \$14.6 million in FY2011 Q2 to \$16.7 million in FY2012 Q2;
- b) Decrease in PRC revenue by \$7.4 million from \$26.8 million in FY2011 Q2 to \$19.4 million in FY2012 Q2 as a result of:
 - i) Absence of contribution by Shaanxi Electronic Information Institute and 50% contribution from Zhongfa College (via Value Vantage Pte. Ltd.) as the group has disposed 100% and 50% interests in these investments respectively. These two colleges contributed \$2.6 million in FY2011 Q2 and \$0.5 million in FY2012 Q2.
 - ii) Lower enrolments in PRC's Private Education System ("PES") institutions due to:
 - (a) the continuing decline in university-going students as a result of demographic changes because of the one-child policy;
 - (b) increase in the overall acceptance rate into National Education System ("NES") universities and institutions; and
 - (c) increasing number of students choosing to go overseas to pursue higher education.

The increase in other operating income from \$1.3 million for FY2011 Q2 to \$12.7 million for FY2012 Q2 was mainly due to a gain of \$9.0 million on disposal of an available-for-sale financial assets in an unquoted equity interests acquired as part of the previous acquisition of Oriental University City ("OUC").

Personnel expenses increased from \$14.2 million for FY2011 Q2 to \$16.4 million for FY2012 Q2.

The increase in other operating expenses from \$16.7 million for FY2011 Q2 to \$19.8 million for FY2012 Q2 was mainly due to the refund of property and land use tax of \$1.8 million in FY2011 Q2 as compared to \$2.2 million property and land use tax expenses in FY2012 Q2.

Non-controlling interests represent mainly the non-controlling shareholders' share of profits in OUC.

The Group enjoyed a gain of \$10.9 million currency translation differences arising from consolidation of foreign operations in FY2012 Q2 mainly due to the appreciation of Renminbi against Singapore Dollar from last reporting date 30 September 2011 as the presentation currency of the Group is in Singapore dollar.

FY2012 Q2 profit attributable to shareholders of \$3.5 million, as compared to \$3.9 million for FY2011 Q2, registered a decrease of 10%.

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 (Cont'd)**

COMMENTARY ON THE GROUP STATEMENT OF FINANCIAL POSITION

Property, plant and equipment ("PPE") increased from \$163.1 million in FY2011 ("ended 30 June 2011") to \$189.2 million in FY2012 Q2 ("ended 31 December 2011") mainly due to net additions of \$26.4 million and foreign currency translation gain of \$6.5 million. The increase was partially offset by depreciation charge of \$6.8 million. Included in the \$26.4 million net additions were reclassification from investment properties and prepayment of \$6.9 million and \$9.5 million respectively.

The increase for investment properties from \$592.5 million in FY2011 to \$616.7 million in FY2012 Q2 was mainly due to a foreign currency translation gain of \$32.6 million offset by the \$6.9 million reclassification out to PPE.

Available-for-sale financial assets decreased from \$4.4 million to \$0.6 million as a result of the disposal of the unquoted equity interests acquired as part of the previous acquisition of OUC.

Assets classified as held for sale of \$27.4 million in FY2011 relates to sale of 50% equity interests in Value Vantage Pte. Ltd. The sale was completed in FY2012 Q1 ("ended 30 September 2011"). As at FY2012 Q2, there are outstanding amounts of \$13.4 million receivable within FY2012 and \$34.6 million by FY2013. This accounted for the majority of the corresponding increase in trade and other receivables and other receivables under non-current assets respectively.

Course and education service deferred income increased from \$11.6 million in FY2011 to \$35.5 million in FY2012 Q2 mainly due to annual fee collections from students in NES segment and annual education service fees from colleges in OUC. These deferred income will be recognized as revenue over the next 2 financial quarters in FY2012.

Current trade and other payables increased from \$69.6 million in FY2011 to \$187.3 million in FY2012 Q2, mainly due to a reclassification of \$101.9 million from non-current portion of the outstanding balance of purchase consideration payable for OUC.

Current borrowings increased from \$164.4 million in FY2011 to \$167.1 million in FY2012 Q2 mainly due to additional draw down of \$4.0 million, partially offset by repayment of \$4.8 million, reclassification of \$1.8 million from non-current borrowings and translation loss of \$1.7 million.

The \$185.5 million and \$80.2 million in non-current trade and other payables in FY2011 and FY2012 Q2 respectively relate mainly to both the non-current portion of the outstanding purchase consideration payable for the acquisition of OUC and land for Raffles University Iskandar (RUI) development. The decrease from \$185.5 million in FY2011 to \$80.2 million in FY2012 Q2 was mainly due to reclassification of \$101.9 million to current trade and other payables.

The decrease in non-current borrowings from \$66.4 million in FY2011 to \$49.3 million in FY2012 Q2 was mainly due to the \$15.7 million repayment during the period.

Non-controlling interests as at 31 December 2011 represent mainly the non-controlling shareholders' equity interests in OUC.

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 (Cont'd).**

COMMENTARY ON THE GROUP STATEMENT OF CASHFLOWS

Net cash generated from operations amounted to \$0.5 million. Major cash outflows were \$10.0 million repayment of loans, dividend payment of \$3.8 million, the payment of purchase consideration for previous acquisition of subsidiaries of \$16.2 million, and increase in PPE of \$6.1 million mainly due to part payment for the construction of building in Boustead College. Major contributors of cash inflows were from the sale of available-for-sale financial assets of \$13.1 million and the sale of 10 mu of education land amounting to \$1.9 million.

The Group's cash position is \$67.7 million as at FY2012 Q2 (FY2011 Q2: \$82.0 million).

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 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.**

The Group has seen its PRC revenue declining and is expected to continue to be affected by the challenging operating conditions in PRC.

Despite this, the Group is seeing positive outcome of its expansion strategy in the Asia Pacific (Ex-PRC) region and will continue its expansion strategy in this region to generate more revenue.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes

Name of Dividend	First Interim
Dividend Type	Cash
Dividend Rate	0.5 cents per ordinary share under one-tier system
Tax Rate	Tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Name of Dividend	First Interim
Dividend Type	Cash
Dividend Rate	0.45 cents per ordinary share under one-tier system
Tax Rate	Tax exempt

(c) Date payable

To be advised at a later date.

(d) Books closure date

To be advised at a later date.

12. If no dividend has been declared/recommended, a statement to that effect

Not applicable.

13. If the Group has obtained a general mandate from 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 Company has not obtained any general mandate from its shareholders for interested party transactions.

14. Negative assurance confirmation on first quarter financial results pursuant to Rule 705(5) of the Listing Manual

The Board confirms that to the best of its knowledge, nothing has come to its attention which may render the financial results of the three months ended 31 December 2011 to be false or misleading in any material aspect. A statement signed by two directors is on record.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

Not applicable.

- 16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Not applicable.

- 17. A breakdown of sales**

Not applicable.

- 18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Not applicable.

BY ORDER OF THE BOARD

**Chew Hua Seng
Chairman
8 February 2012**