

RAFFLES EDUCATION CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No.: 199400712N

ANNOUNCEMENT

PROFIT GUIDANCE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Raffles Education Corporation Limited ("**RafflesEducationCorp**", and together with its subsidiaries, the "**Group**") wishes to inform investors that the Group expects to report a loss for the financial year ended 30 June 2012 ("**FY2012**") largely as a result of the following:

Non-Cash Provisions

- 1) A provision for the loss on disposal of the land use rights to a total of approximately 670 mu of land (as announced on 20 April 2012 and 21 June 2012) (the "**Land**") amounting to approximately S\$59.7 million inclusive of transaction costs and estimated income tax, resulting from the difference between the book value of the Land and the consideration for the disposal. This is notwithstanding that the disposal of the Land has not been completed and is subject to, among others, the approval of shareholders of the RafflesEducationCorp.
- 2) Impairment of goodwill amounting to approximately S\$60 million arising from previous acquisitions of Hartford Education Corporation Pte Ltd (S\$51 million), Path Education Corporation Pte Ltd (S\$7 million) and OUC (S\$2 million).

Cash Expenses

- 3) Due to the restructuring of its Vietnam operations, in addition to the S\$2.3 million of refunds already incurred in the third quarter of FY2012, the Group has incurred further cash expenses amounting to approximately S\$6 million in the fourth quarter of FY2012.

This profit guidance is based on a preliminary review of the unaudited financial results of the Group for FY2012. Further details of the Group's performance will be disclosed when RafflesEducationCorp announces its unaudited financial results for FY2012, which is currently expected to be on or about 24 August 2012.

In the meantime, shareholders and investors are advised to exercise caution when dealing in the shares of RafflesEducationCorp.

By Order of the Board

Chew Hua Seng
Chairman & CEO
10 August 2012