

# RAFFLES EDUCATION CORPORATION LIMITED

Company registration Number: 199400712N

## FINANCIAL STATEMENTS ANNOUNCEMENT FOR THIRD FINANCIAL QUARTER 31 MARCH 2013

### 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 NINE MONTHS CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Group		
	9 months ended 31/03/13 \$'000	(Restated)* 9 months ended 31/03/12 \$'000	Increase/ (Decrease) %
<b>Revenue</b>	97,335	101,254	(4)
Other operating income	31,156	32,775	(5)
Personnel expenses	(43,345)	(43,767)	(1)
Depreciation and amortisation expenses	(11,020)	(11,639)	(5)
Other operating expenses	(60,243)	(50,540)	19
Fair value gain on investment properties	14,555	23,639	(38)
Finance costs	(5,922)	(8,271)	(28)
Share of results of associates	178	231	(23)
<b>Profit before income tax</b>	22,694	43,682	(48)
Income tax expense	(6,046)	(22,571)	(73)
Profit after tax from continuing operations	16,648	21,111	(21)
<b>Discontinued operations – Note A</b>			
Loss after tax from discontinued operations	(393)	(390)	1
	16,255	20,721	(22)
Other comprehensive income:			
Currency translation differences arising from consolidation of foreign operations	(5,823)	14,995	NM
<b>Total comprehensive income</b>	10,432	35,716	NM
Attributable to:			
<b>Equity holders of the Company</b>	13,339	18,648	(28)
Non-controlling interests	2,916	2,073	NM
<b>Net profit</b>	16,255	20,721	(22)
Attributable to:			
<b>Equity holders of the Company</b>	8,186	31,775	NM
Non-controlling interests	2,246	3,941	(43)
<b>Total comprehensive income</b>	10,432	35,716	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 NINE MONTHS CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Group		
	9 months ended 31/03/13 \$'000	9 months ended 31/03/12 \$'000	Increase/ (Decrease) %
<b>Continuing operations</b>			
Interest income <sup>1,2</sup>	1,260	1,339	(6)
Government grant <sup>1</sup>	7,303	-	NM
Gain on disposal of investment properties <sup>1</sup>	18,308	413	4,333
Gain on disposal of available-for-sale financial assets <sup>1</sup>	-	9,022	NM
Gain on disposal of interests in subsidiary <sup>1</sup>	19	15,949	(100)
Foreign exchange gain <sup>1</sup>	2,414	4,461	(46)
Foreign exchange loss <sup>3</sup>	(3,725)	(2,715)	37
Loss on disposal of investment properties <sup>3</sup>	(60)	-	NM
(Allowance)/write back for doubtful trade receivables <sup>3</sup>	(269)	317	NM
Bad trade receivables written off <sup>3</sup>	(264)	(398)	(34)
Rental expenses <sup>3</sup>	(8,933)	(9,210)	(3)
Share-based payments <sup>4</sup>	(7)	(387)	(98)
Amortisation of finance charge on non-current payables <sup>5</sup>	(735)	(4,090)	(82)
Over/(under) provision of income tax expense in prior periods	240	(7,538)	NM

NM – Not meaningful

<sup>1</sup> included in other operating income

<sup>2</sup> included amortization of finance income on non-current receivable of \$684,000 (9MFY2012: \$666,000)

<sup>3</sup> included in other operating expenses

<sup>4</sup> included in personnel expenses

<sup>5</sup> included in finance cost

Note A :

	Group	
	9 months ended 31/03/13 \$'000	9 months ended 31/03/12 \$'000
<b>Discontinued operations</b>		
Revenue	-	6,781
Other operating income	311	149
Expenses	(704)	(7,041)
Loss before tax from discontinued operations	(393)	(111)
Income tax expense	-	(279)
Net loss from discontinued operations	(393)	(390)

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		
	Third Quarter ended 31/03/13 \$'000	(Restated)* Third Quarter ended 31/03/12 \$'000	Increase/ (Decrease) %
Revenue	31,441	36,034	(13)
Other operating income	9,502	1,365	596
Personnel expenses	(14,809)	(14,886)	(1)
Depreciation and amortisation expenses	(3,771)	(3,903)	(3)
Other operating expenses	(15,822)	(15,777)	-
Fair value gain on investment properties	985	23,639	(96)
Finance costs	(2,007)	(2,878)	(30)
Share of results of associates	43	80	(46)
<b>Profit before income tax</b>	5,562	23,674	(77)
Income tax expense	(1,651)	(20,013)	(92)
Profit after tax from continuing operations	3,911	3,661	7
<b>Discontinued operations – Note B</b>			
Profit/(loss) after tax from discontinued operations	239	(3,821)	NM
	4,150	(160)	NM
Other comprehensive income:			
Currency translation differences arising from consolidation of foreign operations	11,604	(8,158)	NM
<b>Total comprehensive income/ (loss)</b>	15,754	(8,318)	NM
Attributable to:			
<b>Equity holders of the Company</b>	4,460	(2,594)	NM
Non-controlling interests	(310)	2,434	NM
<b>Net profit/(loss)</b>	4,150	(160)	NM
Attributable to:			
<b>Equity holders of the Company</b>	14,956	(9,828)	NM
Non-controlling interests	798	1,510	(47)
<b>Total comprehensive income/(loss)</b>	15,754	(8,318)	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 THIRD QUARTER CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Group		
	Third Quarter ended 31/03/13 \$'000	Third Quarter ended 31/03/12 \$'000	Increase/ (Decrease) %
<b>Continuing operations</b>			
Interest income <sup>1,2</sup>	389	416	(6)
Government grant <sup>1</sup>	7,303	-	NM
Gain on disposal of interests in subsidiary <sup>1</sup>	-	47	NM
Foreign exchange gain <sup>1</sup>	1,247	616	102
Foreign exchange loss <sup>3</sup>	(244)	(1,827)	(87)
Loss on disposal of investment properties <sup>3</sup>	(60)	-	NM
(Allowance)/write back for doubtful trade receivables <sup>3</sup>	(267)	313	NM
Bad trade receivables written off <sup>3</sup>	(143)	(252)	(43)
Rental expenses <sup>3</sup>	(3,004)	(3,099)	(3)
Share-based payments <sup>4</sup>	-	(108)	NM
Amortisation of finance charge on non-current payables <sup>5</sup>	(283)	(1,386)	(80)
Over/(under) provision of income tax expense in prior periods	216	(7,396)	NM

NM – Not meaningful

<sup>1</sup> included in other operating income

<sup>2</sup> included amortization of finance income on non-current receivable of \$228,000 (FY2012Q3: \$222,000)

<sup>3</sup> included in other operating expenses

<sup>4</sup> included in personnel expenses

<sup>5</sup> included in finance cost

Note B:

	Group	
	Third Quarter ended 31/03/13 \$'000	Third Quarter ended 31/03/12 \$'000
<b>Discontinued operations</b>		
Revenue	-	3
Other operating income	252	5
Expenses	(13)	(3,830)
Profit/(loss) before tax from discontinued operations	239	(3,822)
Income tax expense	-	1
Net profit/(loss) from discontinued operations	239	(3,821)

**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 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	Group		Company	
	31/03/13 \$'000	Restated* 30/06/12 \$'000	31/03/13 \$'000	30/06/12 \$'000
<b>Non-current assets</b>				
Property, plant and equipment	202,976	169,379	-	-
Investment properties	424,941	411,821	-	-
Investment in subsidiaries	-	-	305,004	301,152
Investment in associates	1,229	1,262	-	-
Available-for-sale financial assets	598	609	-	-
Intangible assets	130,200	131,609	161	172
Other receivables	-	21,888	-	-
	759,944	736,568	305,165	301,324
<b>Current assets</b>				
Inventories	114	128	-	-
Trade and other receivables	226,290	135,239	280,208	274,391
Cash and cash equivalents	81,830	42,143	16,737	111
	308,234	177,510	296,945	274,502
Assets classified as held for sale	40,970	255,847	-	-
	349,204	433,357	296,945	274,502
Less:				
<b>Current liabilities</b>				
Trade and other payables	149,149	289,508	51,608	67,934
Course and education service deferred income	26,405	15,405	-	-
Income tax payable	79,308	79,687	-	1,543
Borrowings	99,526	167,960	71,500	140,000
	354,388	552,560	123,108	209,477
<b>Net current (liabilities)/assets</b>	(5,184)	(119,203)	173,837	65,025
Less:				
<b>Non-current liabilities</b>				
Trade and other payables	47,028	24,613	-	-
Borrowings	128,737	47,450	79,402	-
Deferred tax liabilities	7,688	7,853	-	-
	183,453	79,916	79,402	-
<b>Net assets</b>	571,307	537,449	399,600	366,349
<b>Capital and reserves</b>				
Share capital	481,785	458,079	481,785	458,079
Treasury shares	(21,383)	(21,383)	(21,383)	(21,383)
Reserves	68,782	60,572	(60,802)	(70,347)
Equity attributable to equity holders of the Company	529,184	497,268	399,600	366,349
Non-controlling interests	42,123	40,181	-	-
	571,307	537,449	399,600	366,349

\* Refer to paragraph 5

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

<b>GROUP BORROWINGS AND DEBTS SECURITIES</b>	<b>Group</b>	
	<b>31/03/13 \$'000</b>	<b>30/06/12 \$'000</b>
<b><u>Amount repayable in one year or less, or on demand:</u></b>		
Secured	4,800	3,600
Unsecured	94,726	164,360
	99,526	167,960
<b><u>Amount repayable after one year:</u></b>		
Secured	49,335	47,450
Unsecured	79,402	-
	128,737	47,450
<b>Total borrowings</b>	<b>228,263</b>	<b>215,410</b>

**Details of collateral**

The bank borrowings were secured by letter of guarantee by the Company 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**

<b>UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>Third Quarter ended 31/03/13 \$'000</b>	<b>Third Quarter ended 31/03/12 \$'000</b>
<b>Cash flows from operating activities</b>		
Profit before income tax from continuing operations	5,562	23,674
Profit/(loss) before income tax from discontinued operations	239	(3,822)
	5,801	19,852
Adjustments for:		
Allowance/ (write back) for doubtful debts	267	(313)
Amortisation of intangible assets	661	553
Bad trade receivables written off	143	331
Depreciation for property, plant and equipment	3,110	3,406
Fair value gain on investment properties	(985)	(23,639)
Gain on disposal of subsidiaries	-	(47)
Loss on disposal of investment properties	60	-
Interest expense	2,007	2,878
Interest income	(389)	(420)
Net loss/(gain) on disposal of property, plant and equipment	33	(7)
Share of results of associates	(43)	(80)
Share-based payments	-	108
Operating profit before working capital changes	10,665	2,622
Working capital changes:		
Trade and other receivables	(10,122)	(1,093)
Inventories	(10)	16
Course and education service deferred income	(10,593)	(10,554)
Trade and other payables	3,794	329
Cash use in from operations	(6,266)	(8,680)
Interest paid	(1,216)	(1,493)
Interest received	161	198
Income and withholding tax paid	(1,433)	(2,895)
Net cash used in operating activities	(8,754)	(12,870)
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	76	12
Disposal of subsidiary, net of cash disposed off	-	(1,272)
Deposits from disposal of investment properties	-	9,990
Proceeds from sale of investment properties	23,821	-
Purchase of property, plant and equipment	(8,044)	(2,537)
Dividend and redemption of available-for-sale financial asset	-	7
Payment of remaining purchase consideration for acquisition of subsidiaries	-	(5,010)
Addition of investment properties	(9,424)	-
Additions of development costs	(157)	(116)
Reductions/(additions) of computer software	182	(83)
Additions of trademarks	-	(7)
Dividends received from associate	40	91
Net cash from investing activities	6,494	1,075

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)**

<b>UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)</b>	<b>Third Quarter ended 31/03/13 \$'000</b>	<b>Third Quarter ended 31/03/12 \$'000</b>
<b>Cash flows from financing activities</b>		
Net proceeds from bonds issue	78,893	-
Draw down of borrowings	5,735	-
Repayment of borrowings	(60,500)	(7,906)
Net cash from/(used in) financing activities	24,128	(7,906)
Net change in cash and cash equivalents	21,868	(19,701)
Cash and cash equivalents at beginning of financial period	58,474	67,695
Net effect of exchange rate changes	1,488	544
<b>Cash and cash equivalents at end of financial period</b>	<b>81,830</b>	<b>48,538</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 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	Revaluation reserve	Foreign currency translation reserve	Share-based payment reserve	Accumulated profits			
				translation reserve	reserve	profits	Total		
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b><u>FY2013</u></b>									
Balance at 1 January 2013	481,785	(21,383)	1,255	(28,391)	2,453	78,509	514,228	41,325	555,553
Total comprehensive income	-	-	-	10,496	-	4,460	14,956	798	15,754
Balance at 31 March 2013	481,785	(21,383)	1,255	(17,895)	2,453	82,969	529,184	42,123	571,307
<b><u>FY2012</u></b>									
Balance at 1 January 2012 (restated*)	458,079	(21,383)	-	(8,737)	2,368	160,342	590,669	46,835	637,504
Total comprehensive income (restated*)	-	-	-	(7,234)	-	(2,594)	(9,828)	1,510	(8,318)
Share-based payments	-	-	-	-	108	-	108	-	108
Disposal of interest in subsidiary	-	-	-	29	-	-	29	(590)	(561)
Balance at 31 March 2012 (restated*)	458,079	(21,383)	-	(15,942)	2,476	157,748	580,978	47,755	628,733

\* Refer to paragraph 5

COMPANY	Share capital	Treasury shares	Share-based payment reserve	Accumulated profits/(losses)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
	<b><u>FY2013</u></b>				
Balance at 1 January 2013	481,785	(21,383)	2,453	(69,116)	393,739
Total comprehensive income	-	-	-	5,861	5,861
Balance at 31 March 2013	481,785	(21,383)	2,453	(63,255)	399,600
<b><u>FY2012</u></b>					
Balance at 1 January 2012	458,079	(21,383)	2,368	734	439,798
Total comprehensive loss	-	-	-	(8,728)	(8,728)
Share-based payments	-	-	108	-	108
Balance at 31 March 2012	458,079	(21,383)	2,476	(7,994)	431,178

- 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 March 2013, no ordinary shares were issued in respect of the conversion of share options.

As at 31 March 2013, the company has 1,045,295,233 issued and fully paid ordinary shares (including 19,932,000 treasury shares).

#### **SHARE OPTIONS**

As at 31 March 2013, there was unexercised share option for 3,785,911 unissued ordinary shares (31 March 2012: 4,459,549) under the Raffles Education Corporation Employees' Share Option Schemes.

#### **TREASURY SHARES**

As at 31 March 2013, there were 19,932,000 treasury shares (30 June 2012: 19,932,000).

- 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 1,025,363,233 (excluding treasury shares) as at 31 March 2013 (30 June 2012: 854,469,361)

- 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 March 2013.

- 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 2012.

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 2012. Except as stated in Note 5 below, 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**

On 1 July 2012, the Group adopted the Amendments to FRS 12 – *Deferred Taxes: Recovery of Underlying Assets* that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provision in the FRS.

The Amendments to FRS 12 apply to the measurement of deferred tax liabilities and assets arising from investment properties measured using the fair value model under FRS 40 *Investment Property*, including investment property acquired in business combination and subsequently measured using the fair value model. For the purposes of measuring deferred tax, the amendments have introduced a rebuttable presumption that carrying amount of an investment property measured at fair value will be recovered entirely through sale. The presumption can be rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits over time, rather than through sale.

The Group previously provided for deferred tax liabilities for its investment properties in OUC on the basis that the carrying amount of the investment properties will be recovered through use. The Group has determined that deferred tax liabilities for certain investment properties which is held under the business model of education facilities, leasing to universities or colleges and commercial leasing for supporting such education facilities will continue to be recovered through use. Upon adoption of the Amendments to FRS 12, except for above mentioned investment properties, there is presumption that the carrying amount of the other investment property measured at fair value will be recovered entirely through sale.

The change in accounting policy has been applied retrospectively and comparatives have been restated accordingly. There is no impact on the result for the first and second quarter ended 30 September 2011 and 31 December 2011 respectively.

The following comparative figures as at 30 June 2011, 9 months ended 31 March 2012, third quarter ended 31 March 2012 and 30 June 2012 have been restated as a result of the above restatement.

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)

(Group)	9 months ended 31/03/12 (as restated) \$'000	9 months ended 31/03/12 (as previously reported) \$'000
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>		
Income tax expense from continuing operations	(22,571)	(17,457)
Attributable to:		
Equity holder of the company	18,648	22,790
Non-controlling interests	2,073	3,045
<b>Net profit</b>	<b>20,721</b>	<b>25,835</b>
Attributable to:		
Equity holder of the company	31,775	35,917
Non-controlling interests	3,941	4,913
<b>Total comprehensive income</b>	<b>35,716</b>	<b>40,830</b>

(Group)	Third Quarter ended 31/03/12 (as restated) \$'000	Third Quarter ended 31/03/12 (as previously reported) \$'000
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>		
Income tax expense from continuing operations	(20,013)	(14,899)
Attributable to:		
Equity holder of the company	(2,594)	1,548
Non-controlling interests	2,434	3,406
<b>Net (loss)/profit</b>	<b>(160)</b>	<b>4,954</b>
Attributable to:		
Equity holder of the company	(9,828)	(5,686)
Non-controlling interests	1,510	2,482
<b>Total comprehensive loss</b>	<b>(8,318)</b>	<b>(3,204)</b>

(Group)	31/03/12 (as restated) \$'000	31/03/12 (as previously reported) \$'000
<b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b>		
Deferred tax liabilities	45,604	27,534
<b>Non-current liabilities</b>	<b>169,519</b>	<b>151,449</b>
<b>Net assets</b>	<b>628,733</b>	<b>646,803</b>
Reserves	144,282	158,918
Non-controlling interests	47,755	51,189
<b>Capital and reserves</b>	<b>628,733</b>	<b>646,803</b>

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 restatement for the financial year 2012 results and financial position of 30 June 2012 and 30 June 2011 are as follows.

(Group)	Financial year 2012 (as restated) \$'000	Financial year 2012 (as previously reported) \$'000
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>		
Income tax	(52,431)	(61,508)
Attributable to:		
Equity holder of the company	(69,404)	(76,756)
Non-controlling interests	(6,337)	(8,062)
<b>Net loss</b>	<b>(75,741)</b>	<b>(84,818)</b>
Attributable to:		
Equity holder of the company	(51,934)	(59,286)
Non-controlling interests	(3,711)	(5,436)
<b>Total comprehensive loss</b>	<b>(55,645)</b>	<b>(64,722)</b>

(Group)	30/06/12 (as restated) \$'000	30/06/12 (as previously reported) \$'000
<b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b>		
Deferred tax liabilities	7,854	3,975
<b>Non-current liabilities</b>	<b>79,917</b>	<b>76,038</b>
<b>Net assets</b>	<b>537,448</b>	<b>541,327</b>
Reserves	60,571	63,713
Non-controlling interests	40,181	40,918
<b>Capital and reserves</b>	<b>537,448</b>	<b>541,327</b>

(Group)	30/06/11 (as restated) \$'000	30/06/11 (as previously reported) \$'000
<b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b>		
Deferred tax liabilities	33,714	20,758
<b>Non-current liabilities</b>	<b>285,566</b>	<b>272,610</b>
<b>Net assets</b>	<b>593,793</b>	<b>606,749</b>
Reserves	114,704	125,198
Non-controlling interests	42,393	44,855
<b>Capital and reserves</b>	<b>593,793</b>	<b>606,749</b>

**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		Change +/- %
	Third Quarter ended 31/03/13	Restated# Third Quarter ended 31/03/12	
i) Based on the weighted average number of shares (in cents)	0.43	(0.27)	NM
- Weighted average number of shares	1,025,363,233	958,287,388	
ii) On a fully diluted basis (in cents)	0.43	(0.27)	NM
- Adjusted weighted average number of shares	1,025,363,233	958,292,225	

EPS based on net profit from continuing operations attributable to shareholders of the Group	Group		Change +/- %
	Third Quarter ended 31/03/13	Restated# Third Quarter ended 31/03/12	
i) Based on the weighted average number of shares (in cents)	0.41	0.13	215
- Weighted average number of shares	1,025,363,233	958,287,388	
ii) On a fully diluted basis (in cents)	0.41	0.13	215
- Adjusted weighted average number of shares	1,025,363,233	958,292,225	

# On 23 October 2012, the Company issued and allotted 170,893,872 new ordinary shares in capital of the Company pursuant to a renounceable and non-underwritten right issue on the basis of one right share for every five existing ordinary shares in the capital of the Company. The right shares were offered at \$0.14 per share and represented a discount to the fair value of existing shares. The number of shares used for prior period calculation of earnings per share was adjusted for the rights issue. An adjustment factor of 1.1215 was applied based on the Company's share price of \$0.400 per share on 24 September 2012, and the theoretical ex-right price at that date of \$0.357 per share.

**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)**

NET ASSET VALUE (NAV)	Group		Change +/- %	Company		Change +/- %
	31/03/13	Restated 30/06/12		31/03/13	30/06/12	
NAV per ordinary share	51.61	58.20	(11.3)	38.97	42.87	(9)

The Net asset value computation is based on the number of shares at the end of the period.

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**

### Quarter ended 31 March 2013

1. Group revenue decreased from \$36.0 million for FY2012 Q3 to \$31.4 million for FY2013 Q3 taking into account the following:
  - a) Increase in Asia Pacific (Ex-People's Republic of China "PRC") revenue by \$1.9 million from \$12.9 million in FY2012 Q3 to \$14.8 million in FY2013 Q3;
  - b) Decrease in PRC revenue by \$6.5 million from \$23.1 million in FY2012 Q3 to \$16.6 million in FY2013 Q3.
2. The increase in other operating income from \$1.4 million for FY2012 Q3 to \$9.5 million for FY2013 Q3 was mainly due to a \$7.3 million government grant receivable from Langfang Development Zone Treasury Authority as funds for education development in OUC for FY2013 Q3.
3. Other operating expenses remained consistent at \$15.8 million for FY2012 Q3 and FY2013 Q3. (The increase in other operating expenses for the 9 months ended 31 March 2013 compared to the similar period a year ago was mainly due to provision for compensation to tenants and provision for estimated cost of demolition work relating to the sale of investment properties in OUC.)
4. The fair value gain on investment properties of \$1 million in FY2013 Q3 results from the valuation of Raffles Education Square at 51 Merchant Road, Singapore in March 2013. The fair value gain on investment properties of \$23.6 million in FY2012 Q3 pertains to 264.6mu of land classified as investment properties in OUC which has been re-zoned as residential/commercial in March 2012.
5. Decrease in finance costs from \$2.9 million for FY2012 Q3 to \$2.0 million for FY2013 Q3 was due to the absence of amortization of finance charge for non-current purchase consideration in OUC.
6. The decrease in income tax expense from \$20.0 million in FY2012 Q3 to \$1.7 million in FY2013 Q3 was mainly due to the deferred tax of \$11.0 million on fair valuation gain on 264.6mu of land in OUC and provision of taxes for prior periods amounting to \$7.5 million in FY2012 Q3.
7. Loss from discontinued operations pertained to the results of subsidiaries in Vietnam ("Raffles Vietnam"). As disclosed in the Group's announcement on 16 March 2012, the Group has suspended operations in Vietnam since December 2011.
8. Non-controlling interests was mainly the non-controlling shareholders' share of profits 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 FINANCIAL POSITION**

9. Property, plant and equipment increased from \$169.4 million in FY2012 ("ended 30 June 2012") to \$203.0 million in FY2013 Q3 ("ended 31 March 2013") due to additions of \$44.7 million.

The increase was partially offset by depreciation charge of \$9.1 million, foreign currency translation loss of \$2.1 million and disposal of property, plant and equipment of \$0.6 million.

10. The increase of investment properties from \$411.8 million in FY2012 to \$424.9 million in FY2013 Q3 was mainly due to:
- addition of \$12.8 million refurbishment and \$5.2 million development charge in Raffles Assets (Singapore) Pte Ltd;
  - revaluation gain of \$14.6 million.

However, the increase was offset by sale of 118 mu land and properties of \$13.1 million by OUC and foreign currency translation loss of \$5.2 million mainly due to investment properties in OUC.

11. Non-current other receivable of \$21.9 million in FY12 related to receivable on sale of 50% equity interest in Value Vantage Pte. Ltd ("VVPL") which has been reclassified to current other receivable in FY2013 Q3 as per paragraph 8 item 11a) below.
12. Current trade and other receivables include a \$90.2 million (FY2012: \$92.0 million) grant receivables by the subsidiaries of OUC from government authorities as funds to offset cost arising from the restructuring of land according to the town planning requirements of the local government in OUC. These restructuring costs provided for are the provision of revenue tax, stamp duty and deed tax amounting to \$39.8 million (FY2012: \$40.5 million), and a provision for income tax payable of \$50.4 million (FY2012: \$51.5 million) as stated below in paragraph 8 items 12 and 15 respectively.

Current trade and other receivables increased from \$135.2 million in FY2012 to \$226.3 million in FY2013 Q3 mainly due to:

- non-current other receivable of \$21.9 million in FY12 has been reclassified to current other receivables as per paragraph 8 item 10 above;
- balance \$30.5 million of receivable from Langfang International Golf Club Co., Ltd for the disposal of 670 mu land and properties in OUC;
- \$30.8 million of receivable from Langfang Tian Ying Trading & Commercial Co., Ltd for the disposal of 118 mu land and properties in OUC;
- government grant receivable of \$7.3 million as per paragraph 8 item 2 above.



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 (CONT'D)**

13. Current trade and other payables include a \$39.8 million (FY2012: \$40.5 million) provision for revenue tax, stamp duty and deed tax arising from the land restructuring in OUC as stated in paragraph 8 item 11.

Current trade and other payables decreased from \$289.5 million in FY2012 to \$149.1 million in FY2013 Q3 mainly due to:

- a) \$130.9 million for the outstanding balance of purchase consideration payable for OUC has been novated to Langfang International Golf Club Co., Ltd as part payment for sale of 670 mu land and properties in OUC in FY2013 Q1.
  - b) \$24.6 million of deposit received from Langfang International Golf Club Co., Ltd in FY2012 for the disposal of 670 mu land and properties in OUC has been recognized as sales proceeds.
  - c) However, the decrease was offset by increase of \$2.9 million due to recent land purchase by Raffles American School.
14. Assets classified as held for sale of \$41.0 million in FY2013 Q3 related only to sale of remaining 50% equity interests in VVPL.

Assets classified as held for sale in FY2012 consisted of the sale of 670 mu land and properties in OUC and sale of remaining 50% equity interest in VVPL. The sale of 670 mu land and properties was completed in FY2013 Q1.

15. Course and education service deferred income increased from \$15.4 million in FY2012 to \$26.4 million in FY2013 Q3 mainly due to annual fee collections from students in NES (National Education System) segment and annual education service fees from colleges in OUC. These deferred income will be recognized as revenue in Q4 FY2013.
16. Included in income tax payable is a provision of \$50.4 million (FY2012: \$51.5 million) arising from the land restructuring in OUC as stated in paragraph 8 item 11.
17. Current borrowings decreased from \$168.0 million in FY2012 to \$99.5 million in FY2013 Q3 was mainly due to repayment of \$73.0 million during the period and offset by an additional borrowing of \$2.0 million.
18. Non-current borrowings increased from \$47.5 million in FY2012 to \$128.7 million in FY2013 Q3 mainly due to \$80 million bonds issuance.
19. Non-current trade and other payables increased from \$24.6 million in FY2012 to \$47.0 million in FY2013 Q3 mainly due to the addition of \$22.5 million payable for the land in Iskandar, Malaysia for the Raffles American School development.
20. Non-controlling interests as at 31 March 2013 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**

21. Net cash outflow from operations amounted to \$8.8 million.
22. Other major cash outflows were for the repayment to borrowings of \$60.5 million, payment of property, plant and equipment of \$8.0 million and payment of investment properties of \$9.4 million.
23. Major contributor of cash inflows was the net proceeds from bonds issue of \$78.9 million, drawdown of borrowings of \$5.7 million and \$23.8 million from the sale of investment properties.
24. The Group's cash position is \$81.8 million at the end of FY2013 Q3 (FY2012 Q3: \$48.5 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 Company has restructured its balance sheet to match its long-term investments with the issuance of S\$130 million medium-term notes. Proceeds from the note issues were substantially used to repay short-term debt and its gearing remains essentially unchanged. The ability to tap the bond market reflects confidence in the Group's business. The Company retains its current short-term banking facilities.

The Group has seen its PRC college revenue declining and is expected to continue to be affected by the challenging operating conditions in PRC. The Group will continue repositioning its business and implementation of its new strategies in PRC.

The Group is seeing positive outcomes from its expansion in the Ex-PRC region.

11. **Dividend**

***(a) Current Financial Period Reported On***

Any dividend declared for the current financial period reported on?

No

***b) Corresponding Period of the Immediately Preceding Financial Year***

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

No

**11. Dividend (Cont'd)**

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**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 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 March 2013 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. A breakdown of sales**

Not applicable.

**17. 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  
10 May 2013**