

# RAFFLES EDUCATION CORPORATION LIMITED

Company registration Number: 199400712N

FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

## 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<br>CONSOLIDATED STATEMENT OF PROFIT OR<br>LOSS AND OTHER COMPREHENSIVE INCOME | Item<br>No. | Group   |  |                              |
|---|-------------|---|--|------------------------------|
|   |             | First<br>Quarter<br>ended<br>30/09/14<br>\$'000 | Restated*<br>First<br>Quarter<br>ended<br>30/09/13<br>\$'000 | Increase/<br>(Decrease)<br>% |
| <b>Revenue</b>  | 8.1         | 29,111  | 30,699   | (5)                          |
| Other operating income  | 8.2         | 2,229   | 1,598  | 39                           |
| Personnel expenses  | 8.3         | (11,092)  | (12,962)   | (14)                         |
| Depreciation and amortisation expenses  |             | (3,342)   | (3,798)  | (12)                         |
| Other operating expenses  |             | (13,617)  | (13,976)   | (3)                          |
| Finance costs   | 8.4         | (2,999)   | (2,744)  | 9                            |
| Share of results of joint ventures  | 8.5         | (20)  | (1,115)  | (98)                         |
| Share of results of associates  |             | 18  | 33   | (45)                         |
| <b>Profit/(Loss) before income tax</b>  |             | 288   | (2,265)  | NM                           |
| Income tax credit/(expense)   |             | 174   | (462)  | NM                           |
| Profit/(Loss) after tax from continuing operations                                      |             | 462   | (2,727)  | NM                           |
| <b>Discontinued operations – Note A</b>   |             |   |  |                              |
| Loss after tax from discontinued operations   | 8.6         | -   | (198)  | NM                           |
|   |             | 462   | (2,925)  | NM                           |
| <b>Other comprehensive income, net of tax</b>   |             |   |  |                              |
| <b>Items that will not be reclassified to profit or loss:</b>                           |             |   |  |                              |
| Revaluation gain on transferring owner occupied property to investment property         |             | -   | 4,853  | NM                           |
| <b>Items that may be reclassified subsequent to profit or loss:</b>                     |             |   |  |                              |
| Currency translation differences arising from consolidation of foreign operations       | 8.7         | 6,817   | (5,761)  | NM                           |
| <b>Total comprehensive income/(loss)</b>  |             | 7,279   | (3,833)  | NM                           |
| Attributable to:  |             |   |  |                              |
| <b>Equity holders of the Company</b>  |             | 709   | (2,566)  | NM                           |
| Non-controlling interests   |             | (247)   | (359)  | (31)                         |
| <b>Net profit/(loss)</b>  |             | 462   | (2,925)  | NM                           |
| Attributable to:  |             |   |  |                              |
| <b>Equity holders of the Company</b>  |             | 6,967   | (3,853)  | NM                           |
| Non-controlling interests   |             | 312   | 20   | 1460                         |
| <b>Total comprehensive income/(loss)</b>  |             | 7,279   | (3,833)  | NM                           |

NM – Not meaningful

\* Refer to item 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<br>CONSOLIDATED STATEMENT OF PROFIT OR LOSS<br>AND OTHER COMPREHENSIVE INCOME | Group  |   |                              |
|--|--|---|------------------------------|
|  | First Quarter<br>ended<br>30/09/14<br>\$'000 | Restated*<br>First Quarter<br>ended<br>30/09/13<br>\$'000 | Increase/<br>(Decrease)<br>% |
| <b>Continuing operations</b>   |  |   |                              |
| Interest income <sup>1</sup>   | 209  | 314   | (33)                         |
| Foreign exchange gain <sup>1</sup>   | 1,658  | 839   | 98                           |
| Allowance for doubtful trade receivables <sup>2</sup>                                      | -  | (59)  | NM                           |
| Bad trade receivables written off <sup>2</sup>   | (12)   | (17)  | (29)                         |
| Foreign exchange loss <sup>2</sup>   | (1,402)                                      | (1,656)   | (15)                         |
| Rental expenses <sup>2</sup>   | (2,314)                                      | (2,299)   | 1                            |
| Amortisation of finance charge on non-current payables <sup>3</sup>                        | -  | (143)   | NM                           |
| Over provision of income tax expense in prior financial periods                            | 233  | -   | NM                           |

NM – Not meaningful

\* Refer to item 5

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

<sup>2</sup> included in other operating expenses

<sup>3</sup> included in finance costs

Note A :

| Discontinued operations                      | Group  |  |
|--|--|--|
|  | First Quarter<br>ended<br>30/09/14<br>\$'000 | First Quarter<br>ended<br>30/09/13<br>\$'000 |
| Revenue                                      | -  | -  |
| Other operating income                       | -  | 6  |
| Expenses                                     | -  | (204)  |
| Loss before tax from discontinued operations | -  | (198)  |
| Income tax expense                           | -  | -  |
| Net loss from discontinued operations        | -  | (198)  |

**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<br>CONSOLIDATED STATEMENTS OF<br>FINANCIAL POSITION | Item<br>No. | Group              |                                 | Company            |                    |
|---|-------------|--------------------|---------------------------------|--------------------|--------------------|
|   |             | 30/09/14<br>\$'000 | Restated*<br>30/06/14<br>\$'000 | 30/09/14<br>\$'000 | 30/06/14<br>\$'000 |
| <b>Non-current assets</b>                                     |             |                    |                                 |                    |                    |
| Property, plant and equipment                                 | 8.8         | 305,283            | 290,157                         | -                  | -                  |
| Investment properties   | 8.9         | 328,828            | 301,943                         | -                  | -                  |
| Investment in subsidiaries                                    |             | -                  | -                               | 426,549            | 426,549            |
| Investment in joint ventures                                  |             | 66,792             | 66,828                          | -                  | -                  |
| Investment in associates                                      |             | 1,402              | 1,432                           | -                  | -                  |
| Available-for-sale financial assets                           |             | 619                | 610                             | -                  | -                  |
| Intangible assets   |             | 115,444            | 115,755                         | 123                | 128                |
| Deferred tax assets   |             | 730                | 755                             | -                  | -                  |
| Other receivable  | 8.10        | 10,310             | 10,160                          | 5,403              | 4,854              |
|   |             | <b>829,408</b>     | <b>787,640</b>                  | <b>432,075</b>     | <b>431,531</b>     |
| <b>Current assets</b>   |             |                    |                                 |                    |                    |
| Inventories   |             | 132                | 119                             | -                  | -                  |
| Trade and other receivables                                   | 8.11        | 273,704            | 247,752                         | 297,985            | 272,756            |
| Cash and cash equivalents                                     |             | 63,862             | 58,061                          | 3,790              | 1,099              |
|   |             | <b>337,698</b>     | <b>305,932</b>                  | <b>301,775</b>     | <b>273,855</b>     |
| Less:   |             |                    |                                 |                    |                    |
| <b>Current liabilities</b>                                    |             |                    |                                 |                    |                    |
| Trade and other payables                                      | 8.12        | 68,401             | 75,315                          | 99,666             | 102,361            |
| Course and education service deferred income                  | 8.13        | 47,161             | 16,569                          | -                  | -                  |
| Income tax payable  | 8.14        | 73,608             | 76,966                          | 264                | 265                |
| Borrowings  | 8.15        | 104,368            | 81,280                          | 97,888             | 74,800             |
|   |             | <b>293,538</b>     | <b>250,130</b>                  | <b>197,818</b>     | <b>177,426</b>     |
| <b>Net current assets</b>                                     |             | <b>44,160</b>      | <b>55,802</b>                   | <b>103,957</b>     | <b>96,429</b>      |
| Less:   |             |                    |                                 |                    |                    |
| <b>Non-current liabilities</b>                                |             |                    |                                 |                    |                    |
| Trade and other payables                                      | 8.16        | 46,209             | 46,003                          | -                  | -                  |
| Borrowings  | 8.17        | 207,756            | 184,411                         | 128,651            | 128,508            |
| Deferred tax liabilities                                      |             | 9,470              | 9,743                           | -                  | -                  |
|   |             | <b>263,435</b>     | <b>240,157</b>                  | <b>128,651</b>     | <b>128,508</b>     |
| <b>Net assets</b>   |             | <b>610,133</b>     | <b>603,285</b>                  | <b>407,381</b>     | <b>399,452</b>     |
| <b>Equity</b>   |             |                    |                                 |                    |                    |
| Share capital   |             | 481,785            | 481,785                         | 481,785            | 481,785            |
| Treasury shares   |             | (24,496)           | (24,065)                        | (24,496)           | (24,065)           |
| Accumulated profits/(losses) and other reserves               |             | 112,942            | 105,975                         | (49,908)           | (58,268)           |
| Equity attributable to equity holders of the<br>Company       |             | <b>570,231</b>     | <b>563,695</b>                  | <b>407,381</b>     | <b>399,452</b>     |
| Non-controlling interests                                     | 8.18        | 39,902             | 39,590                          | -                  | -                  |
| <b>Total equity</b>   |             | <b>610,133</b>     | <b>603,285</b>                  | <b>407,381</b>     | <b>399,452</b>     |

\* Refer to item 5

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

| <b>GROUP BORROWINGS AND DEBT SECURITIES</b>                       | <b>Group</b>               |                            |
|---|----------------------------|----------------------------|
|   | <b>30/09/14<br/>\$'000</b> | <b>30/06/14<br/>\$'000</b> |
| <b><u>Amount repayable in one year or less, or on demand:</u></b> |                            |                            |
| Secured <sup>4</sup>  | 6,480                      | 6,480                      |
| Unsecured   | 97,888                     | 74,800                     |
|   | 104,368                    | 81,280                     |
| <b><u>Amount repayable after one year:</u></b>                    |                            |                            |
| Secured <sup>4,5</sup>  | 79,106                     | 55,903                     |
| Unsecured   | 128,650                    | 128,508                    |
|   | 207,756                    | 184,411                    |
| <b>Total borrowings</b>   | <b>312,124</b>             | <b>265,691</b>             |
|   |                            |                            |

**Details of collateral**

<sup>4</sup> Bank borrowings of \$60,763,000 were secured by letter of guarantee by the Company and certain properties of the Group.

<sup>5</sup> Bank borrowings of \$24,823,000 were secured by letter of guarantee by the Company, trade and other receivables and property of two subsidiaries in Australia.

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<br/>CONSOLIDATED STATEMENT OF CASH FLOWS</b>    | <b>Item<br/>No.</b> | <b>First Quarter<br/>ended<br/>30/09/14<br/>\$'000</b> | <b>Restated*<br/>First Quarter<br/>ended<br/>30/09/13<br/>\$'000</b> |
|--|---------------------|--|--|
| <b>Cash flows from operating activities</b>                  |                     |  |  |
| Profit/(Loss) before income tax from continuing operations   |                     | 288  | (2,265)  |
| Loss before income tax from discontinued operations          |                     | -  | (198)  |
|  |                     | 288  | (2,463)  |
| Adjustments for:   |                     |  |  |
| Allowance for doubtful debts                                 |                     | -  | 59   |
| Amortisation of intangible assets                            |                     | 321  | 432  |
| Bad trade receivables written off                            |                     | 12   | 17   |
| Depreciation for property, plant and equipment               |                     | 3,021  | 3,366  |
| Interest expense   |                     | 2,999  | 2,744  |
| Interest income  |                     | (209)  | (314)  |
| Net (gain)/loss on disposal of property, plant and equipment |                     | (7)  | 253  |
| Property, plant and equipment written off                    |                     | 2  | -  |
| Share of results of joint ventures                           |                     | 20   | 1,115  |
| Share of results of associates                               |                     | (18)   | (33)   |
| Operating profit before working capital changes              |                     | 6,429  | 5,176  |
| Working capital changes:                                     |                     |  |  |
| Trade and other receivables                                  |                     | (17,600)   | (11,985)   |
| Inventories  |                     | (13)   | (7)  |
| Course and education service deferred income                 |                     | 30,592   | 33,805   |
| Trade and other payables                                     |                     | (684)  | (4,354)  |
| Cash generated from operations                               |                     | 18,724   | 22,635   |
| Interest paid  |                     | (3,249)  | (2,859)  |
| Interest received  |                     | 209  | 314  |
| Income and withholding tax paid                              |                     | (4,540)  | (348)  |
| Net cash from operating activities                           | 8.19                | 11,144   | 19,742   |
| <b>Cash flows from investing activities</b>                  |                     |  |  |
| Proceeds from sale of plant and equipment                    |                     | 7  | 66   |
| Proceeds from sale of investment properties                  | 8.20                | 4,124  | 28,045   |
| Advance payment for development cost of new projects         | 8.21                | (7,221)  | (881)  |
| Purchases of property, plant and equipment                   | 8.21                | (23,037)   | (1,604)  |
| Purchases of investment properties                           | 8.21                | (19,512)   | -  |
| Additions of development costs                               |                     | (1)  | -  |
| Deposits from disposal of investment properties              |                     | -  | 10,155   |
| Capital contributions to joint ventures                      |                     | -  | (581)  |
| Dividends received from associate                            |                     | 47   | -  |
| Net cash (used in)/from investing activities                 |                     | (45,593)   | 35,200   |

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<br/>CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)</b> | <b>Item<br/>No</b> | <b>First Quarter<br/>ended<br/>30/09/14<br/>\$'000</b> | <b>Restated*<br/>First Quarter<br/>ended<br/>30/09/13<br/>\$'000</b> |
|--|--------------------|--|--|
| <b>Cash flows from financing activities</b>                        |                    |  |  |
| Net payment for repurchase of shares                               | 8.21               | (431)  | -  |
| Draw down of borrowings  | 8.20               | 40,590   | 2,740  |
| Repayment of borrowings  |                    | (1,620)  | (28,137)   |
| Net cash from/(used in) financing activities                       |                    | 38,539   | (25,397)   |
| Net change in cash and cash equivalents                            |                    | 4,090  | 29,545   |
| Cash and cash equivalents at beginning of financial period         |                    | 58,061   | 69,802   |
| Effect of exchange rate changes on cash and cash equivalents       |                    | 1,711  | 663  |
| <b>Cash and cash equivalents at end of financial period</b>        | <b>8.22</b>        | <b>63,862</b>  | <b>100,010</b>   |

\* Refer to item 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 CONSOLIDATED 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 | Total          |                           |                |
|                                     | \$'000  | \$'000          | \$'000              | \$'000                               | \$'000                      | \$'000              | \$'000         |                           |                |
| <b>2015</b>                         |   |                 |                     |                                      |                             |                     |                |                           |                |
| Balance at 1 July 2014              | 481,785                                       | (24,065)        | 7,181               | (14,791)                             | 2,453                       | 111,132             | 563,695        | 39,590                    | 603,285        |
| Total comprehensive income          | -   | -               | -                   | 6,258                                | -                           | 709                 | 6,967          | 312                       | 7,279          |
| Repurchase of shares                | -   | (431)           | -                   | -                                    | -                           | -                   | (431)          | -                         | (431)          |
| <b>Balance at 30 September 2014</b> | <b>481,785</b>                                | <b>(24,496)</b> | <b>7,181</b>        | <b>(8,533)</b>                       | <b>2,453</b>                | <b>111,841</b>      | <b>570,231</b> | <b>39,902</b>             | <b>610,133</b> |
| <b>2014</b>                         |   |                 |                     |                                      |                             |                     |                |                           |                |
| Balance at 1 July 2013              | 481,785                                       | (21,383)        | 1,255               | (9,135)                              | 2,453                       | 99,443              | 554,418        | 48,879                    | 603,297        |
| Total comprehensive income          | -   | -               | 3,931               | (5,218)                              | -                           | (2,566)             | (3,853)        | 20                        | (3,833)        |
| <b>Balance at 30 September 2013</b> | <b>481,785</b>                                | <b>(21,383)</b> | <b>5,186</b>        | <b>(14,353)</b>                      | <b>2,453</b>                | <b>96,877</b>       | <b>550,565</b> | <b>48,899</b>             | <b>599,464</b> |

| COMPANY                             | Share capital  | Treasury shares | Share-based payment reserve | Accumulated losses | Total          |
|-------------------------------------|----------------|-----------------|-----------------------------|--------------------|----------------|
|                                     | \$'000         | \$'000          | \$'000                      | \$'000             | \$'000         |
|                                     | <b>2015</b>    |                 |                             |                    |                |
| Balance at 1 July 2014              | 481,785        | (24,065)        | 2,453                       | (60,721)           | 399,452        |
| Total comprehensive income          | -              | -               | -                           | 8,360              | 8,360          |
| Repurchase of shares                | -              | (431)           | -                           | -                  | (431)          |
| <b>Balance at 30 September 2014</b> | <b>481,785</b> | <b>(24,496)</b> | <b>2,453</b>                | <b>(52,361)</b>    | <b>407,381</b> |
| <b>2014</b>                         |                |                 |                             |                    |                |
| Balance at 1 July 2013              | 481,785        | (21,383)        | 2,453                       | (77,340)           | 385,515        |
| Total comprehensive loss            | -              | -               | -                           | (975)              | (975)          |
| <b>Balance at 30 September 2013</b> | <b>481,785</b> | <b>(21,383)</b> | <b>2,453</b>                | <b>(78,315)</b>    | <b>384,540</b> |

- 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 30 September 2014, 1,194,000 ordinary shares were repurchased.

During the financial period ended 30 September 2014, no ordinary shares were issued in respect of the conversion of share options.

As at 30 September 2014, the company has 1,045,295,233 issued and fully paid ordinary shares (including 29,090,000 treasury shares).

#### **SHARE OPTIONS**

As at 30 September 2014, there was unexercised share option for 3,126,929 unissued ordinary shares (30 September 2013: 3,388,921) under the Raffles Education Corporation Employees' Share Option Schemes.

#### **TREASURY SHARES**

As at 30 September 2014, there were 29,090,000 treasury shares (30 June 2014: 27,896,000).

- 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 1,016,205,233 (excluding treasury shares) as at 30 September 2014 (30 June 2014: 1,017,399,233)

- 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 30 September 2014.

- 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 2014.

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 2014. 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 2014, the Group adopted the FRS 111 – *Joint Arrangements* and FRS 28 (Revised) - *Investments in Associates and Joint Ventures* that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the FRS.

FRS 111 supersedes FRS 31, Interest in Joint Ventures, and INT FRS 13, Jointly Controlled Entities – Non-Monetary Contributions by Ventures. FRS 111 classifies a joint arrangement as either a joint operation or a joint venture based on the parties' rights and obligations under the arrangement. Under FRS 111 all joint ventures must be accounted for under the equity method, as described in the revised FRS 28, with proportionate consolidation prohibited.

The Group previously proportionate consolidated the joint ventures. Upon adoption of FRS 111, the Group will now recognised its investment in joint ventures using the equity method, resulting in aggregation of the group's proportionate share of the joint ventures' net assets and items of profit and loss into a single line item which will be presented in the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income as "investment in joint ventures" and "share of results of joint ventures" respectively. There is no material effect to the "Equity attributable to equity holders of the Company" and "Net profit/(loss) and Total comprehensive income/(loss) attributable to the equity holders of the Company".

The change in accounting policy has been applied retrospectively and comparatives have been restated accordingly.

| (Group)  | 3 months<br>ended<br>30/09/13<br>(as<br>restated)<br>\$'000 | 3 months<br>ended<br>30/09/13<br>(as previously<br>reported)<br>\$'000 |
|--|---|--|
| <b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND<br/>OTHER COMPREHENSIVE INCOME</b> |   |  |
| <b>Revenue</b>   | 30,699  | 31,790   |
| Other operating income   | 1,598   | 1,674  |
| Personnel expenses   | (12,962)  | (13,965)   |
| Depreciation and amortization expenses   | (3,798)   | (4,196)  |
| Other operating expenses   | (13,976)  | (14,857)   |
| Finance costs  | (2,744)   | (2,744)  |
| Share of results of joint ventures   | (1,115)   | -  |
| Share of results of associates   | 33  | 33   |
| <b>Loss before income tax</b>  | <b>(2,265)</b>  | <b>(2,265)</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)

| (Group)  | 30/06/14<br>(as<br>restated)<br>\$'000 | 30/06/14<br>(as previously<br>reported)<br>\$'000 |
|--|--|---|
| <b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b> |  |   |
| <b>Non-current assets</b>                            |  |   |
| Property, plant and equipment                        | 290,157                                | 301,420   |
| Investment in joint ventures                         | 66,828                                 | -   |
| Intangible assets                                    | 115,755                                | 127,829   |
| Other non-currents assets                            | 314,900                                | 314,900   |
|  | 787,640                                | 744,149   |
| <b>Current assets</b>                                |  |   |
| Inventories  | 119                                    | 119   |
| Trade and other receivables                          | 247,752                                | 320,070   |
| Cash and cash equivalents                            | 58,061                                 | 58,540  |
|  | 305,932                                | 378,729   |
| Less:  |  |   |
| <b>Current liabilities</b>                           |  |   |
| Trade and other payables                             | 75,315                                 | 97,259  |
| Course and education service deferred income         | 16,569                                 | 17,068  |
| Income tax payable                                   | 76,966                                 | 83,820  |
| Borrowings   | 81,280                                 | 81,280  |
|  | 250,130                                | 279,427   |
| <b>Net current assets</b>                            | 55,802                                 | 99,302  |
| Less:  |  |   |
| <b>Non-current liabilities</b>                       |  |   |
| Trade and other payables                             | 46,003                                 | 46,012  |
| Other non-current liabilities                        | 194,154                                | 194,154   |
|  | 240,157                                | 240,166   |
| <b>Net assets</b>                                    | <b>603,285</b>                         | <b>603,285</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)

| (Group)  | 3 months<br>ended<br>30/09/13<br>(as<br>restated)<br>\$'000 | 3 months<br>ended<br>30/09/13<br>(as previously<br>reported)<br>\$'000 |
|--|---|--|
| <b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>                  |   |  |
| <b>Cash flows from operating activities</b>                  |   |  |
| Loss before income tax from continuing operations            | (2,265)   | (2,265)  |
| Loss before income tax from discontinued operations          | (198)   | (198)  |
|  | (2,463)   | (2,463)  |
| Adjustments for:   |   |  |
| Amortisation of intangible assets                            | 432   | 531  |
| Bad trade receivables written off                            | 17  | 18   |
| Depreciation for property, plant and equipment               | 3,366   | 3,665  |
| Interest income  | (314)   | (306)  |
| Net loss on disposal of property, plant and equipment        | 253   | 248  |
| Share of results of joint ventures                           | 1,115   | -  |
| Others   | 2,770   | 2,770  |
| Operating profit before working capital changes              | 5,176   | 4,463  |
| Working capital changes:                                     |   |  |
| Trade and other receivables                                  | (11,985)  | (11,293)   |
| Inventories  | (7)   | (7)  |
| Course and education service deferred income                 | 33,805  | 33,993   |
| Trade and other payables                                     | (4,354)   | (3,636)  |
| Cash generated from operations                               | 22,635  | 23,520   |
| Interest paid  | (2,859)   | (2,859)  |
| Interest received  | 314   | 306  |
| Income and withholding tax paid                              | (348)   | (357)  |
| Net cash from operating activities                           | 19,742  | 20,610   |
| <b>Cash flows from investing activities</b>                  |   |  |
| Proceeds from sale of plant and equipment                    | 66  | 85   |
| Advance payment for development cost of new projects         | (881)   | (805)  |
| Purchase of property, plant and equipment                    | (1,604)   | (2,424)  |
| Additions of development costs                               | -   | (165)  |
| Capital contributions to joint ventures                      | (581)   | -  |
| Others   | 38,200  | 38,200   |
| Net cash from investing activities                           | 35,200  | 34,891   |
| <b>Cash flows from financing activities</b>                  |   |  |
| Net cash used in financing activities                        | (25,397)  | (25,397)   |
| Net change in cash and cash equivalents                      | 29,545  | 30,104   |
| Cash and cash equivalents at beginning of financial period   | 69,802  | 70,895   |
| Effect of exchange rate changes on cash and cash equivalents | 663   | 368  |
| <b>Cash and cash equivalents at end of financial period</b>  | <b>100,010</b>  | <b>101,367</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 +/- % |
|--|------------------------------|------------------------------|--------------|
|  | First Quarter ended 30/09/14 | First Quarter ended 30/09/13 |              |
| i) Based on the weighted average number of shares (in cents)                           | 0.07                         | -0.25                        | NM           |
| - Weighted average number of shares  | 1,016,261,842                | 1,025,363,233                |              |
| ii) On a fully diluted basis (in cents)  | 0.07                         | -0.25                        | NM           |
| - Adjusted weighted average number of shares   | 1,016,261,842                | 1,025,363,233                |              |

| EPS based on net profit from continuing operations attributable to shareholders of the Group | Group                        |                              | Change +/- % |
|--|------------------------------|------------------------------|--------------|
|  | First Quarter ended 30/09/14 | First Quarter ended 30/09/13 |              |
| i) Based on the weighted average number of shares (in cents)                                 | 0.07                         | -0.23                        | NM           |
| - Weighted average number of shares  | 1,016,261,842                | 1,025,363,233                |              |
| ii) On a fully diluted basis (in cents)  | 0.07                         | -0.23                        | NM           |
| - Adjusted weighted average number of shares   | 1,016,261,842                | 1,025,363,233                |              |

**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 +/- % |
|-----------------------------------|----------|----------|--------------|----------|----------|--------------|
|                                   | 30/09/14 | 30/06/14 |              | 30/09/14 | 30/06/14 |              |
| NAV per ordinary share (in cents) | 56.11    | 55.41    | 1.3          | 40.09    | 39.26    | 2.1          |

**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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

- Group revenue for FY2014 Q1 was \$30.7 million which included \$1.6 million from Langfang Oriental Institute of Technology ("LOIT"). Due to the swap of equity interests in June 2014, the Group has ceased consolidating the operational results of LOIT in FY2015 Q1. Excluding the above \$1.6 million revenue for FY 2014 Q1, the revenue for FY2015 Q1 is comparable to FY 2014 Q1.
- Other operating income increased from \$1.6 million for FY2014 Q1 to \$2.2 million for FY2015 Q1 mainly due to the foreign exchange gain.

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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)**

3. Personnel expenses decreased from \$13.0 million for FY2014 Q1 to \$11.1 million for FY2015 Q1 mainly due to absence of personnel expenses from LOIT. LOIT's personnel expenses in FY2014 Q1 amounted to \$1.5 million.
4. Increase in finance costs from \$2.7 million for FY2014 Q1 to \$3.0 million for FY2015 Q1 was mainly due to the increase in borrowings.
5. Share of losses from joint ventures decreased from \$1.1 million for FY2014 Q1 to \$20,000 for FY2015 Q1 mainly due to share of unrealized exchange gain of \$1.1 million recorded by a joint venture.
6. Loss from discontinued operations in FY2014 Q1 pertained to subsidiaries in Vietnam which the Group had discontinued operations since December 2011.
7. The Group recorded \$6.8 million in currency translation gain arising from consolidation of foreign operations.

#### **COMMENTARY ON THE GROUP STATEMENT OF FINANCIAL POSITION**

8. Property, plant and equipment ("PPE") increased from \$290.2 million in FY2014 ("ended 30 June 2014") to \$305.3 million in FY2015 Q1 ("ended 30 September 2014") due to:
  - a) addition of \$20.4 million, mainly from the purchase of property in Parramatta, Australia, for the part of the property intended for the Group's use. The remaining part of the property intended for leasing out is recorded as Investment Properties (refer item 8.9.a);
  - b) \$2.8 million advance payment reclassified from prepayment; and
  - c) foreign currency translation gain of \$1.8 million.

The increase was offset by:

- d) depreciation charge of \$3.0 million; and
  - e) reclassification from PPE to investment properties of \$6.9 million in Oriental University City ("OUC").
9. The increase of investment properties from \$301.9 million in FY2014 to \$328.8 million in FY2015 Q1 was mainly due to:
    - a) purchase of \$19.5 million property in Parramatta, Australia (refer item 8.8.a);
    - b) transfer from PPE to investment properties of \$6.9 million in OUC (refer item 8.8.e); and
    - c) foreign currency translation gain of \$3.8 million.

The increase was offset by the exchange of \$3.3 million of investment properties for the settlement of the same amount of certain compensation liabilities which arose from the early termination of tenancy agreement incurred in prior years in OUC (refer to item 8.12).

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)**

10. Non-current other receivable of \$10.3 million (FY2014: \$10.2 million) relates to prepayment for the purchase of land by Tianjin University of Commerce Boustead College.
11. Current trade and other receivables increased from \$247.8 million in FY2014 to \$273.7 million in FY2015 Q1 mainly due to the increase of trade receivables of \$12.6 million from the annual billing cycle for the National Education System ("NES") colleges and OUC and the advance payment of \$4.5 million for the purchase of hotel property and commercial units in Switzerland.

(Note :

Included in other receivable was a government grant receivable for land restructuring of \$31.4 million, adjusted for foreign currency translation, (FY2014: \$30.9 million). The corresponding liabilities were recorded in other payables and income tax payable reflected in item 8.12 Note and item 8.14 below).

12. Current trade and other payables decreased from \$75.3 million in FY2014 to \$68.4 million in FY2015 Q1 mainly due to the payment of liabilities which include the settlement of certain compensation liabilities of \$3.3 million, via an exchange of investment properties, which arose from the early termination of tenancy agreement incurred in prior years in OUC (refer to item 8.9).

(Note :

Included in the other payables was \$1.0 million (FY2013: \$1.0 million) of revenue tax, stamp duty and deed tax payable in relation to land restructuring in OUC. There is a related grant receivable reflected in item 8.11 Note above).

13. Course and education service deferred income increased from \$16.6 million in FY2014 to \$47.2 million in FY2015 Q1 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 3 financial quarters in FY2015.
14. Income tax payable include income tax and other taxes payable in relation to land restructuring in OUC amounting to \$30.4 million, adjusted for foreign currency translation (FY2014: \$29.9 million). There is related grant receivable as reflected in item 8.11 Note above.
15. Current borrowings increased from \$81.3 million in FY2014 to \$104.4 million in FY2015 Q1 was mainly due to drawdown of borrowings during the period.
16. Non-current trade and other payables mainly relates to amount payable for the purchase of:
- a) 65 acres of land for Raffles University Iskandar; and
  - b) 45 acres of land for Raffles American School in Iskandar, Malaysia.
17. Non-current borrowings increased from \$184.4 million in FY2014 to \$207.8 million in FY2015 Q1 mainly due to borrowings for purchase of the property in Parramatta, Australia.
18. Non-controlling interests as at 30 September 2014 represent mainly the non-controlling shareholders' equity interests of one of the subsidiary 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**

19. Net cash inflows from operating activities amounted to \$11.1 million.
20. Major contributor of cash inflows were:
- a) the proceeds from sale of 118mu investment properties of \$4.1 million; and
  - b) drawdown of borrowings of \$40.6 million.
21. Major cash outflows were for:
- a) purchase of property, plant and equipment and investment properties of \$42.5 million mainly for the property in Parramatta, Australia;
  - b) advance payment for development of new projects of \$7.2 million;
  - c) the repayment of borrowings of \$1.6 million; and
  - d) payment for repurchase of shares of \$0.4 million.
22. The Group's cash position was \$63.9 million at the end of FY2015 Q1 (FY2014 Q1: \$100.0 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**

Overall, the Group is seeing its revenue improving in the People's Republic of China (PRC) and our expansion strategy outside of the PRC is yielding positive outcomes.

The Group also continues to look at opportunities in other education related investments to achieve sustainable growth.

**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

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No dividend has been declared for the current financial period.

**13. 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 30 September 2014 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)**

**14. 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.

**15. A breakdown of sales**

Not applicable.

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

Not applicable.



**17. INTERESTED PARTY TRANSACTIONS**

**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 did not obtain any general mandate from its shareholders for interested party transactions.

**BY ORDER OF THE BOARD**

**Chew Hua Seng  
Chairman  
13 November 2014**