

Raffles Education Corporation

(Incorporated in the Republic of Singapore)

Company Registration No. 199400712N

RESPONSE TO QUERY BY SGX-ST ON FULL YEAR RESULTS FOR FY2016 (“FY2016”) ANNOUNCED ON 24 AUGUST 2016

1. SGX-ST Query

It was announced in the Company’s full year results that “Other operating expenses” amounted to S\$56.33mil. Please provide details on these expenses and the reasons for the significant amount of operating expenses.

Company’s Response

		FY2016	FY2015
	Note	S\$'000	S\$'000
Royalty, registration and examination fees	1	6,781	6,411
Marketing and advertisement expenses	2	4,549	5,880
Rental expenses	3	6,127	8,221
Write back / allowance for doubtful trade receivables		(72)	180
Bad trade receivables written off		536	203
Utilities	4	6,251	5,940
Revenue, property and land use tax	5	6,244	5,877
Class and office supplies	6	1,620	1,612
Repair and maintenance	7	4,823	4,231
Transport and communication	8	2,505	2,078
Foreign exchange loss	9	7,257	5,754
Directors’ fees		372	334
Loss on disposal of property, plant & equipment		1	10
Property, plant & equipment written off		37	4
Professional fees	10	4,476	6,530
Property management fee		559	324
Reversal of government grant receivable for land restructuring		-	403
(Reversal) / compensation for early termination of tenancy agreement and demolition of car park	11	(55)	1,003
Others		4,317	4,358
Total Other Operating Expenses		56,328	59,353

Note:

1. Pertains mainly to expenses to collaborating universities.
2. Pertains to marketing and advertisement expenses for the recruitment of students.
3. Pertains mainly to rental of premises by our colleges.

4. Pertains to heating, electricity and water charges.
5. Pertains to:
 - a) taxes paid to certain local tax authority on invoices billed to students and tenants; and
 - b) taxes to certain local tax authority on value of property assessed
6. Pertains to the supplies of classroom and office materials and equipment.
7. Pertains to repair and maintenance of our colleges and properties. Includes disinfecting, environment and cleaning expenses.
8. Pertains to:
 - a) Local and overseas travelling and transportation costs; and
 - b) Telecommunication and networking charges.
9. Pertains to exchange loss arising on the settlement and on retranslation of foreign currency monetary assets and liabilities.
10. Pertains to various professional fees paid in relation to audit, secretarial, legal, tax etc.
11. Pertains to compensation to tenants in Oriental University City for early termination of tenancy agreements and demolition of car park.

On behalf of the Board

Chew Hua Seng
Chairman and Group Chief Executive Officer

8 September 2016