

RAFFLES EDUCATION CORPORATION LIMITED

Company registration Number: 199400712N

FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE THREE MONTHS AND SIX MONTHS ENDED 31 DECEMBER 2021

Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Note (Page 20-24)	Group					
		3 months ended 31/12/21 \$'000	3 months ended 31/12/20 \$'000	Change %	6 months ended 31/12/21 \$'000	6 months ended 31/12/20 \$'000	Change %
Revenue	F 2.1	29,956	27,366	9	53,212	48,427	10
Other operating income	F 2.2	37,749	29,245	29	38,444	35,357	9
Personnel expenses	F 2.3	(10,289)	(9,641)	7	(20,363)	(19,495)	4
Other operating expenses	F 2.4	(12,084)	(9,316)	30	(19,941)	(14,984)	33
Finance costs	F 2.5	(5,022)	(3,166)	59	(11,108)	(6,742)	65
Depreciation and amortisation expenses	F 2.6	(4,849)	(4,834)	-	(9,639)	(8,861)	9
Fair value gain on investment properties	F 2.7	-	9,477	NM	-	9,477	NM
Share of results of joint ventures	F 2.8	53	2,872	(98)	119	2,666	(96)
Share of results of associates		907	971	(7)	999	674	48
Operating profit before income tax		36,421	42,974	(15)	31,723	46,519	(32)
Foreign exchange gain		406	982	(59)	685	1,575	(57)
Foreign exchange loss		(6,829)	(1,923)	NM	(9,849)	(7,680)	28
Profit before income tax		29,998	42,033	(29)	22,559	40,414	(44)
Income tax expense	F 2.9	(706)	(172)	NM	(2,667)	(180)	NM
Deferred tax expense	F 2.9	(11,441)	(2,724)	NM	(12,197)	(2,625)	NM
Net profit after tax		17,851	39,137	(54)	7,695	37,609	(80)
Net profit attributable to:							
Equity holders of the Company		18,286	37,318	(51)	8,717	35,703	(76)
Non-controlling interests		(435)	1,819	NM	(1,022)	1,906	NM
Net profit after tax		17,851	39,137	(54)	7,695	37,609	(80)
Other comprehensive income, net of tax							
Items that may be reclassified subsequently to profit or loss:							
Currency exchange differences arising on translating foreign operations	F 2.10	22,587	6,816	NM	25,281	26,000	(3)
Total comprehensive income		40,438	45,953	(12)	32,976	63,609	(48)
Total comprehensive income attributable to:							
Equity holders of the Company		38,105	43,166	(12)	30,949	59,212	(48)
Non-controlling interests		2,333	2,787	(16)	2,027	4,397	(54)
Total comprehensive income		40,438	45,953	(12)	32,976	63,609	(48)
Earnings per share for profit for the period/year attributable to the owners of the Company during the period:							
Basic (cents)		1.33	2.71		0.64	2.59	
Diluted (cents)		1.33	2.71		0.64	2.59	

NM – Not meaningful

Condensed Interim Statements of Financial Position

UNAUDITED STATEMENTS OF FINANCIAL POSITION	Note (Page 25 - 27)	Group		Company	
		31 Dec 2021 \$'000	30 Jun 2021 \$'000	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Non-current assets					
Property, plant and equipment	F 2.11	617,498	598,286	8	9
Right-of-use assets		3,902	4,541	-	-
Investment properties		443,832	433,873	-	-
Investment in subsidiaries		-	-	442,923	442,737
Investment in joint ventures		3,832	3,712	-	-
Investment in associates	F 2.12	3,796	6,079	-	-
Intangible assets		114,084	111,155	96	97
Deferred tax assets		1,327	1,381	-	-
Other receivables	F 2.13	4,856	4,068	44,688	35,987
Restricted bank balances		2,068	2,043	-	-
		1,195,195	1,165,138	487,715	478,830
Current assets					
Inventories		76	81	-	-
Trade and other receivables	F 2.14	89,602	106,879	255,955	216,531
Cash and bank balances		63,597	84,929	1,758	493
		153,275	191,889	257,713	217,024
Non-current assets held for sale	F 2.15	-	25,303	-	-
		153,275	217,192	257,713	217,024
Less:					
Current liabilities					
Trade and other payables	F 2.16	65,541	86,945	372,215	277,988
Course fees received in advance	F 2.17	40,714	13,756	-	-
Education facilities rental service fees received in advance	F 2.18	3,141	1,129	-	-
Income tax payable		11,912	10,486	51	51
Borrowings	F 2.19	211,967	299,197	97	35,738
Lease liabilities		2,116	2,112	-	-
		335,391	413,625	372,363	313,777
Net current liabilities	F 2.20	(182,116)	(196,433)	(114,650)	(96,753)
Less:					
Non-current liabilities					
Trade and other payables	F 2.21	11,206	16,133	-	-
Borrowings	F 2.19	95,067	92,175	21,411	21,185
Lease liabilities		1,876	2,529	-	-
Deferred tax liabilities	F 2.22	88,437	74,351	-	-
		196,586	185,188	21,411	21,185
Net assets		816,493	783,517	351,654	360,892
Capital and reserves					
Share capital		554,337	554,337	554,337	554,337
Treasury shares		(39,683)	(39,683)	(39,683)	(39,683)
Accumulated profits/(losses) and other reserves		187,675	156,726	(163,000)	(153,762)
Equity attributable to equity holders of the Company		702,329	671,380	351,654	360,892
Non-controlling interests		114,164	112,137	-	-
Total equity		816,493	783,517	351,654	360,892

Condensed Interim Statements of Changes in Equity

GROUP	Attributable to equity holders of the Company					Non-controlling Interests	Total Equity
	Share Capital	Treasury Shares	Share-based payment reserve	Accumulated profits and other reserves	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
FY2022							
Balance at 1 Jul 2021	554,337	(39,683)	2,642	154,084	671,380	112,137	783,517
Total comprehensive income	-	-	-	30,949	30,949	2,027	32,976
Share-based payment	-	-	-	-	-	-	-
Acquisition of subsidiary with non-controlling interest	-	-	-	-	-	-	-
Balance at 31 Dec 2021	554,337	(39,683)	2,642	185,033	702,329	114,164	816,493
FY2021							
Balance at 1 Jul 2020	554,337	(39,683)	2,632	100,525	617,811	63,771	681,582
Total comprehensive income	-	-	-	59,212	59,212	4,397	63,609
Share-based payment	-	-	10	-	10	-	10
Acquisition of subsidiary with non-controlling interest	-	-	-	-	-	43,628	43,628
Balance at 31 Dec 2020	554,337	(39,683)	2,642	159,737	677,033	111,796	788,829

COMPANY	Share Capital	Treasury Shares	Share-based Payment Reserve	Accumulated Losses	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
FY2022					
Balance at 1 Jul 2021	554,337	(39,683)	2,632	(156,404)	360,892
Total comprehensive loss	-	-	-	(9,328)	(9,328)
Share-based payment	-	-	-	-	-
Balance at 31 Dec 2021	554,337	(39,683)	2,642	(165,642)	351,654
FY2021					
Balance at 1 Jul 2020	554,337	(39,683)	2,632	(129,547)	387,739
Total comprehensive loss	-	-	-	(7,251)	(7,251)
Share-based payment	-	-	10	-	10
Balance at 31 Dec 2020	554,337	(39,683)	2,642	(136,798)	380,498

Condensed Interim Consolidated Statement of Cash Flows

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS	Note (Page 28)	6 months ended 31 Dec 2021 \$'000	6 months ended 31 Dec 2020 \$'000
Operating activities			
Profit before income tax		22,559	40,414
Adjustments for:			
Amortisation of intangible assets		140	182
Amortisation for right-of-use assets		663	884
Loss allowance / (reversal of loss allowance) on trade receivables		2	(9)
Bad trade receivables written off		345	167
Bargain purchase on acquisition of subsidiary		-	(3,257)
Depreciation for property, plant and equipment		8,836	7,795
Fair value gain on investment properties		-	(9,477)
Finance costs		11,108	6,742
Gain on lease modification		(9)	(122)
Interest income		(188)	(1,031)
Gain on disposal of property, plant and equipment, net		(1)	(4)
Gain on disposal of non-current assets held for sale		(37,184)	(28,090)
Write back of accrued capital expenditure		-	(1,724)
Share-based payment		-	10
Share of results of joint ventures		(119)	(2,666)
Share of results of associates		(999)	(674)
Unrealised foreign exchange loss		8,905	4,994
Operating cash flows before working capital changes		14,058	14,134
Working capital changes:			
Trade and other receivables		(9,648)	(7,732)
Inventories		5	14
Course fees received in advance		26,336	20,549
Education facilities rental service received in advance		1,951	2,087
Trade and other payables		4,955	1,799
Cash generated from operations		37,657	30,851
Interest paid		(12,917)	(4,519)
Interest received		188	356
Income and withholding taxes paid		(1,007)	(409)
Net cash from operating activities	F 2.23	23,921	26,279
Investing activities			
Additions for development cost and computer software		(16)	-
Additions of trademarks and licenses		-	(2)
Additions of investment properties		(2,083)	(820)
Advance payment for construction projects		-	(7,066)
Acquisition of a subsidiary, net of cash acquired		-	(16,158)
Payments for property, plant and equipment	F 2.25	(25,498)	(11,452)
Proceeds from disposal of non-current assets held for sale	F 2.24	27,644	26,203
Proceeds from disposal of subsidiary	F 2.24	42,239	-
Proceeds from sale of property, plant and equipment		1	29
Return of share capital from an associate		3,312	-
Net cash generated from/ (used in) investing activities		45,599	(9,266)

Condensed Interim Consolidated Statement of Cash Flows (continued)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS	Note	6 months ended 31 Dec 2021 \$'000	6 months ended 31 Dec 2020 \$'000
Cash flows from financing activities			
Decrease in restricted bank balances		-	1,721
Decrease/(Increase) in fixed deposit pledged	F 2.24	29,377	(11,108)
Repayment of loan to a director - net	F 2.25	(5,648)	(4,519)
Drawdown of bank borrowings		3,227	15,515
Repayment of bank borrowings	F 2.25	(89,655)	(12,369)
Interest paid on leases		(86)	(131)
Repayment of obligation under leases		(668)	(801)
Net cash used in financing activities		(63,453)	(11,692)
Net change in cash and cash equivalents		6,067	5,321
Cash and cash equivalents at beginning of financial period		29,527	8,197
Effect of exchange rate changes on cash and cash equivalents		988	565
Cash and cash equivalents at end of financial period – Note A	F 2.26	36,582	14,083

Note A:

Cash and cash equivalents	Note	6 months ended 31 Dec 2021 \$'000	6 months ended 31 Dec 2020 \$'000
<u>Current</u>			
Fixed deposits with banks		27,015	38,409
Cash and bank balances		36,582	14,083
<u>Non-current</u>			
Restricted bank balances		2,068	2,100
Cash and bank balances in the statement of financial position		65,665	54,592
Less: pledged deposits and restricted bank balances		(29,083)	(40,509)
Cash and cash equivalents in the statement of cash flow	F 2.26	36,582	14,083

N. Notes to the Condensed Interim Consolidated Financial Statements

1 Corporate Information

Raffles Education Corporation Limited (the Company) is incorporated and domiciled in the Republic of Singapore (Registration Number: 199400712N), and its registered office and principal place of business at 51 Merchant Road, Raffles Education Square, Singapore 058283.

The principal activities of the Company are those of an investment holding and provision of business and management consultancy services.

The principal activities of the subsidiaries are:

- (a) provision of educational services ranging from pre-school to tertiary education;
- (b) leasing of educational facilities and supporting facilities; and
- (c) investing in education properties.

2 Basis of Preparation

The condensed interim financial statements for the six months ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

Going Concern

As at 31 December 2021, the Group's and the Company's current liabilities exceeded its current assets by \$182.1 million and \$114.7 million respectively. Following Affin Bank's Writ, all the Affin Bank's borrowings together with all other bank borrowings with possible cross default were classified as current borrowings since FY2021. This condensed interim financial statements of the Group and the Company have been prepared on a going concern basis taking into consideration the following:

- (i) The Group had reached a settlement with Affin Bank under the Writs and Affin Bank has discontinued the Writs. The Group has repaid the Settlement Amount of RM138.2million (approx. SGD 44.8million) payable from June 2021 to March 2022 as at 27 December 2021. The Group is in discussions with Affin Bank on the continuing facility for the balance outstanding debts owed to Affin Bank after 31 March 2022.
- (ii) The group is expected to collect the balance of RMB 86.5million (approx. SGD 18.5million), from the disposal of land and buildings of Wanbo Institute of Science & Technology's ("WIST") around end of March 2022. WIST had vacated the old campus and handed over the land to complete this disposal;
- (iii) Positive cash flow generation from its operations based on the cash flow;
- (iv) The Group's ability to realise certain of its assets such as the proposed disposal of 51 Merchant Road ("the Property") which will be used to reduce debt to a very low level and for opportunistic acquisition;

N. Notes to the Condensed Interim Consolidated Financial Statements (continued)

2 Basis of Preparation (continued)

Going Concern (continued)

- (v) The Group is confident that the lenders will continue to give support to the Group. To date no other banks have withdrawn their loans and UOB's mortgage loan on the Property is only due for re-financing in May 2023;
- (vi) Collection of remaining balance receivables of RMB 74million (approx. SGD 15.8million) arising from the disposal of Langfang Development Zone Oriental University City Sino-Singapore Education Investment Co., Ltd ("LDZ Sino-Singapore Education Investment"), is expected to be received by 30 September 2022; and
- (vii) The Group's ability to refinance its existing borrowings when necessary. The Group is in discussion with a few banks to re-finance Affin Bank's loans.

With the above mitigating factors, the net current liabilities position will not likely pose material uncertainty on the ability of the Group and of the Company as a going concern.

Should the Group and the Company be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which may differ significantly from the amounts at which they are currently recorded in the financial statements and to provide for any future liabilities which might arise. Such adjustments have not been made to the financial statements.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of estimates and judgements

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 Jun 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- **Note 7** – Provision for income taxes in respective jurisdictions of which the taxes arose
- **Note 9 & 10** – Classification between investment property & property, plant and equipment

N. Notes to the Condensed Interim Consolidated Financial Statements (continued)

2.2 Use of estimates and judgements (continued)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- **Note 7** – Income tax position
- **Note 10** – Determination of fair value of investment property using significant unobservable inputs
- **Note 11** – Impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts

3 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4 Segment and revenue information

The Group has four reportable segments as described below, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different skill sets and marketing strategies.

For each of the strategic business units, the Group's Chief Executive Officer reviews internal management reports on a regular basis. The following summary describes the operations in each of the Group's reportable segments:

Education

The Group offers a wide range of educational services ranging from pre-school to tertiary education through our subsidiaries in Asia and European Countries.

Education Facilities Rental Service

Through our HK-listed subsidiary – OUCHK, the Group owns and leases out certain investment properties to colleges in Oriental University City, located at Langfang Economic and Technical Development Zone.

Education Real Estate Investment & Development

The Group participates in opportunistic Education Real Estate Investments and Development. The ownership of these properties generates a stream of stable and recurring rental income. When the opportunity arises, the Group may divest these properties.

Corporate & Others

Includes corporate headquarter and consolidation adjustments which are not directly attributable to a particular reporting segment above.

N. Notes to the Condensed Interim Consolidated Financial Statements (continued)

4.1 Reportable Segments

Group 3 months ended 31 Dec 2021					
	Education	Education Facilities Rental Service	Education Real Estate Investment & Development	Corporate & Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	26,540	2,962	454	-	29,956
Inter-segment revenue	22	323	509	1,779	2,633
Interest income	50	4	5	1	59
Gain on disposal of property, plant and equipment	-	1	-	-	1
Gain on disposal of non-current assets held for sale	37,184	-	-	-	37,184
Finance cost	(2,614)	(1,108)	(607)	(693)	(5,022)
Depreciation and amortisation	(2,786)	(225)	(1,304)	(534)	(4,849)
Share of results from joint ventures	-	-	-	53	53
Share of results from associates	(2)	909	-	-	907
Reportable segment profit/(loss) before income tax	42,042	44	(3,556)	(8,532)	29,998
Net profit/(loss) for the financial period	33,838	37	(7,472)	(8,552)	17,851
<u>Other information:</u>					
Additions to property, plant and equipment	8,063	95	-	-	8,158
Additions to right-of-use assets	5	-	-	-	5
Additions to investment properties	-	898	-	-	898
Additions to intangible assets	5	-	-	2	7
Investment in joint ventures	-	-	-	3,832	3,832
Investment in associates	289	3,507	-	-	3,796
Segment assets	464,218	337,650	275,323	82,576	1,159,769
Segment liabilities	(193,002)	(56,032)	(39,405)	(8,552)	(417,796)

N. Notes to the Condensed Interim Consolidated Financial Statements (continued)

4.1 Reportable Segments (continued)

Group 3 months ended 31 Dec 2020					
	Education	Education Facilities Rental Service	Education Real Estate Investment & Development	Corporate & Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	23,602	3,198	564	2	27,366
Inter-segment revenue	42	318	67	1,682	2,109
Interest income	29	3	142	29	203
Gain on disposal of property, plant and equipment, net	4	-	-	-	4
Gain on disposal of non-current assets held for sale	28,090	-	-	-	28,090
Finance cost	(2,045)	(297)	(146)	(678)	(3,166)
Depreciation and amortisation	(2,786)	(219)	(1,294)	(535)	(4,834)
Share of results from joint ventures	-	-	-	2,872	2,872
Share of results from associates	(10)	981	-	-	971
Reportable segment profit/(loss) before income tax	32,421	11,359	(2,691)	944	42,033
Net profit/(loss) for the financial period	32,435	8,490	(2,703)	915	39,137
<u>Other information:</u>					
Additions to property, plant and equipment	1,289	11	-	2	1,302
Additions to right-of-use assets	2,528	-	-	-	2,528
Additions to investment properties	-	2	-	-	2
Additions to intangible assets	-	-	-	2	2
Investment in joint ventures	-	-	-	3,636	3,636
Investment in associates	297	4,317	-	-	4,614
Segment assets	445,219	318,637	321,028	84,810	1,169,694
Segment liabilities	(228,234)	(16,552)	(67,840)	(153,762)	(466,389)

N. Notes to the Condensed Interim Consolidated Financial Statements (continued)

4.1 Reportable Segments (continued)

Group 6 months ended 31 Dec 2021					
	Education	Education Facilities Rental Service	Education Real Estate Investment & Development	Corporate & Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	47,455	4,894	863	-	53,212
Inter-segment revenue	58	644	574	3,224	4,500
Interest income	87	8	92	1	188
Gain on disposal of property, plant and equipment, net	-	1	-	-	1
Gain on disposal of non-current assets held for sale	37,184	-	-	-	37,184
Finance cost	(6,243)	(2,203)	(1,212)	(1,450)	(11,108)
Depreciation and amortisation	(5,536)	(446)	(2,590)	(1,067)	(9,639)
Share of results from joint ventures	-	-	-	119	119
Share of results from associates	(6)	1,005	-	-	999
Reportable segment profit/(loss) before income tax	42,719	(776)	(6,811)	(12,573)	22,559
Net profit/(loss) for the financial period	34,485	(792)	(13,391)	(12,607)	7,695
<u>Other information:</u>					
Additions to property, plant and equipment	16,982	139	-	-	17,121
Additions to right-of-use assets	5	-	-	-	5
Additions to investment properties	-	1,386	-	-	1,386
Additions to intangible assets	13	-	-	3	16
Investment in joint ventures	-	-	-	3,832	3,832
Investment in associates	289	3,507	-	-	3,796
Segment assets	464,218	337,650	275,323	82,576	1,159,767
Segment liabilities	(193,002)	(56,032)	(39,405)	(129,357)	(417,796)

N. Notes to the Condensed Interim Consolidated Financial Statements (continued)

4.1 Reportable Segments (continued)

Group 6 months ended 31 Dec 2020					
	Education	Education Facilities Rental Service	Education Real Estate Investment & Development	Corporate & Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	41,838	5,699	892	(2)	48,427
Inter-segment revenue	82	527	135	3,512	4,256
Interest income	63	5	934	29	1,031
Gain on disposal of property, plant and equipment, net	4	-	-	-	4
Gain on disposal of non-current assets held for sale	28,090	-	-	-	28,090
Net fair value gain on investment properties	-	9,477	-	-	9,477
Finance cost	(4,399)	(619)	(256)	(1,468)	(6,742)
Depreciation and amortisation	(5,9660)	(436)	(1,387)	(1,072)	(8,861)
Share of results from joint ventures	-	-	-	2,666	2,666
Share of results from associates	(17)	879	(188)	-	674
Reportable segment profit/(loss) before income tax	33,555	11,634	(565)	(4,210)	40,414
Net profit/(loss) for the financial period	33,652	8,757	(577)	(4,223)	37,609
<u>Other information:</u>					
Additions to property, plant and equipment	1,995	137	-	1	2,133
Additions to right-of-use assets	2,567	-	-	-	2,567
Additions to investment properties	-	102	-	-	102
Additions to intangible assets	-	-	-	2	2
Investment in joint ventures	-	-	-	3,636	3,636
Investment in associates	297	4,317	-	-	4,614
Segment assets	445,218	318,637	321,028	84,811	1,169,694
Segment liabilities	(228,233)	(16,553)	(67,840)	(153,762)	(466,388)

N. Notes to the Condensed Interim Consolidated Financial Statements (continued)

4.2 Disaggregation of Revenue

Operating Segment

Group
3 months ended 31 Dec 2021

	Education	Education Facilities Rental Service	Education Real Estate Investment & Development	Corporate & Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Course fee	25,311	-	-	-	25,311
Rental income from investment properties	-	2,962	450	-	3,412
Student accommodation fee	854	-	-	-	854
Canteen operation	134	-	-	-	134
Other fees	241	-	4	-	245
Total revenue	26,540	2,962	454	-	29,956

Geographical information

	ASEAN \$'000	North Asia \$'000	South Asia \$'000	Australasia \$'000	Europe \$'000	Total \$'000
Course fee	8,300	15,749	58	-	1,204	25,311
Rental income from investment properties	-	3,187	-	-	225	3,412
Student accommodation fee	2	852	-	-	-	854
Canteen operation	69	65	-	-	-	134
Other fees	274	(36)	-	-	7	245
Total revenue	8,645	18,965	58	-	1,436	29,956

Operating Segment

Group
3 months ended 31 Dec 2020

	Education	Education Facilities Rental Service	Education Real Estate Investment & Development	Corporate & Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Course fee	21,808	-	-	-	21,808
Rental income from investment properties	-	3,198	563	2	3,763
Student accommodation fee	1,005	-	-	-	1,005
Canteen operation	206	-	-	-	206
Other fees	583	-	1	-	584
Total revenue	23,602	3,198	564	2	27,366

Geographical information

	ASEAN \$'000	North Asia \$'000	South Asia \$'000	Australasia \$'000	Europe \$'000	Total \$'000
Course fee	8,328	12,310	160	-	1,010	21,808
Rental income from investment properties	1	3,525	-	-	237	3,763
Student accommodation fee	10	995	-	-	-	1,005
Canteen operation	165	41	-	-	-	206
Other fees	420	160	1	-	3	584
Total revenue	8,924	17,031	161	-	1,250	27,366

N. Notes to the Condensed Interim Consolidated Financial Statements (continued)

4.2 Disaggregation of Revenue (continued)

Operating Segment

Group
6 months ended 31 Dec 2021

	Education	Education Facilities Rental Service	Education Real Estate Investment & Development	Corporate & Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Course fee	44,899	-	-	-	44,899
Rental income from investment properties	-	4,894	859	-	5,753
Student accommodation fee	1,627	-	-	-	1,627
Canteen operation	206	-	-	-	206
Other fees	723	-	4	-	727
Total revenue	47,455	4,894	863	-	53,212

Geographical information

	ASEAN \$'000	North Asia \$'000	South Asia \$'000	Australasia \$'000	Europe \$'000	Total \$'000
Course fee	15,827	27,286	158	-	1,628	44,899
Rental income from investment properties	-	5,303	-	-	450	5,753
Student accommodation fee	4	1,623	-	-	-	1,627
Canteen operation	100	106	-	-	-	206
Other fees	570	150	-	-	7	727
Total revenue	16,501	34,468	158	-	2,085	53,212

Operating Segment

Group
6 months ended 31 Dec 2020

	Education	Education Facilities Rental Service	Education Real Estate Investment & Development	Corporate & Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Course fee	38,919	-	-	-	38,919
Rental income from investment properties	-	5,699	890	3	6,592
Student accommodation fee	1,530	-	-	-	1,530
Canteen operation	378	-	-	-	378
Other fees	1,011	-	2	(5)	1,008
Total revenue	41,838	5,699	892	(2)	48,427

Geographical information

	ASEAN \$'000	North Asia \$'000	South Asia \$'000	Australasia \$'000	Europe \$'000	Total \$'000
Course fee	15,726	21,814	316	-	1,063	38,919
Rental income from investment properties	3	6,124	-	-	465	6,592
Student accommodation fee	12	1,518	-	-	-	1,530
Canteen operation	304	74	-	-	-	378
Other fees	707	282	1	-	18	1,008
Total revenue	16,752	29,812	317	-	1,546	48,427

N. Notes to the Condensed Interim Consolidated Financial Statements (continued)

5 Financial assets and financial liabilities

	Group		Company	
	31 Dec 2021 \$'000	30 Jun 2021 \$'000	31 Dec 2021 \$'000	30 Jun 2021 \$'000
<u>Financial Assets</u>				
Trade and other receivables (excluding prepayments & value added tax recoverable)	86,017	100,389	300,558	252,480
Cash and cash equivalents	65,665	86,972	1,758	493
<u>Financial Liabilities</u>				
Trade and other payables (excluding accruals for business, property and land taxes, advance receipt from disposal of non-current assets held for sale)	69,774	84,474	372,215	277,988
Borrowings	307,034	391,372	21,508	56,923
Lease liabilities	3,992	4,641	-	-

6 Profit before taxation

	3 months ended 31 Dec 2021 \$'000	3 months ended 31 Dec 2020 \$'000	6 months ended 31 Dec 2021 \$'000	6 months ended 31 Dec 2020 \$'000
<u>Included in Other Operating Income</u>				
Net bargain purchase on acquisition of subsidiary	-	-	-	3,257
Interest income	59	203	188	1,031
Government grant	369	66	777	257
Gain on disposal of property, plant and equipment	1	7	1	7
Gain on disposal of non-current assets held for sale	37,184	28,090	37,184	28,090
Reversal of loss allowance on trade receivables	1	6	-	9
<u>Included in Other Operating Expenses</u>				
Loss allowance on trade receivables	-	-	(2)	-
Bad trade receivables written off	(122)	(149)	(345)	(167)
Loss on disposal of property, plant and equipment	-	(3)	-	(3)
Lease expenses	(22)	(61)	(41)	(82)
<u>Included in Personnel Expenses</u>				
Share-based payment	-	-	-	(10)

N. Notes to the Condensed Interim Consolidated Financial Statements (continued)

6 Profit before taxation (Continued)

ADJUSTED EBITDA	3 months ended 31 Dec 2021 \$'000	3 months ended 31 Dec 2020 \$'000	6 months ended 31 Dec 2021 \$'000	6 months ended 31 Dec 2020 \$'000
Profit after tax	17,851	39,137	7,695	37,609
<u>Add/(less):</u>				
Net bargain purchase on acquisition of subsidiary	-	-	-	(3,257)
Government grant	(369)	(66)	(777)	(257)
Finance costs	5,022	3,166	11,108	6,742
Net income tax and deferred tax expense	12,147	2,896	14,864	2,805
Depreciation and amortisation	4,849	4,834	9,639	8,861
Net foreign exchange loss	6,423	941	9,164	6,105
Adjusted EBITDA	45,923	50,908	51,693	58,608

N. Notes to the Condensed Interim Consolidated Financial Statements (continued)

7 Taxation

The Group calculates the period income tax expense using tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	3 months ended 31 Dec 2021 \$'000	3 months ended 31 Dec 2020 \$'000	6 months ended 31 Dec 2021 \$'000	6 months ended 31 Dec 2020 \$'000
<u>Income tax expense</u>				
Current financial period	(702)	(147)	(2,659)	(155)
Under provision of income tax expense in prior financial periods	(4)	(25)	(8)	(25)
<u>Deferred tax expense</u>				
Current financial period	(11,447)	(2,724)	(12,203)	(2,725)
Overprovision of income tax expense in prior financial periods	6	-	6	100

8 Net asset value

	Group		Company	
	As at 31 Dec 2021 \$	As at 30 Jun 2021 \$	As at 31 Dec 2021 \$	As at 30 Jun 2021 \$
Net asset value per ordinary share (cents)	50.94	48.70	25.51	26.18

The calculation of net asset value per ordinary share was based on 1,378,656,672 shares (excluding treasury shares) as at 31 Dec 2021 (30 Jun 2021: 1,378,656,672).

9 Property, plant and equipment

During the period, the Group acquired assets amounting to \$17,121,000 (31 Dec 2020: \$2,133,000).

10 Investment Properties

	Group	
	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Beginning of financial period/year	433,873	405,407
Additions	1,386	1,066
Disposal	-	(741)
Fair value gain recognised in profit or loss	-	13,839
Currency translation differences	8,573	14,302
Balance at end of financial period/year	443,832	433,873

N. Notes to the Condensed Interim Consolidated Financial Statements (continued)

11 Intangible assets

Group	Goodwill on Consolidation \$'000	Trademarks & licenses \$'000	Development Costs \$'000	Computer software \$'000	Total \$'000
Cost					
At 1 Jul 2021	110,485	576	3,123	115	114,299
Additions	-	-	12	4	16
Currency translation differences	3,053	(2)	(7)	-	3,044
At 31 Dec 2021	113,538	574	3,128	119	117,359
Accumulated amortisation & impairment					
At 1 Jul 2021	-	(241)	(2,824)	(79)	(3,144)
Amortisation	-	(10)	(124)	(6)	(140)
Currency translation differences	-	4	5	-	9
At 31 Dec 2021	-	(247)	(2,943)	(85)	(3,275)
Carrying amount at 31 Dec 2021	113,538	327	185	34	114,084
Company		Trademarks & licenses \$'000	Computer software \$'000	Total \$'000	
Cost					
At 1 Jul 2021		228	48	276	
Additions		-	4	4	
At 31 Dec 2021		228	52	280	
Accumulated amortisation & impairment					
At 1 Jul 2021		(165)	(14)	(179)	
Amortisation		-	(5)	(5)	
At 31 Dec 2021		(165)	(19)	(184)	
Carrying amount at 31 Dec 2021		63	33	96	

N. Notes to the Condensed Interim Consolidated Financial Statements (continued)

12 Borrowings

	Group	
	31 Dec 2021 \$'000	30 Jun 2021 \$'000
<u>Amount repayable in one year or less, or on demand:</u>		
Secured ^{1, 2, 3}	211,870	293,388
Unsecured	97	5,809
	211,967	299,197
<u>Amount repayable after one year:</u>		
Secured ^{1, 2, 3}	94,429	91,537
Unsecured	638	638
	95,067	92,175
Total borrowings	307,034	391,372
REC Group (exclude OUCHK Group, Hong Kong GEM listed)	250,211	332,675
OUCHK Group (75% owned by REC)	56,823	58,697
Total borrowings	307,034	391,372

Details of securities

- 1 Property mortgage loans of \$262,979,000.
- 2 Bank borrowings of \$20,772,000 were secured by standby letter of credit based on cash deposit with the bank. The standby letter of credit was secured by bank deposit of \$26,932,000.
- 3 Bank borrowings of \$16,099,000 were secured by certain properties in Switzerland and restricted bank balances of \$2,068,000.

13 Share Capital

	Group and Company			
	31 Dec 2021		30 Jun 2021	
	No. of Shares '000	Amount \$'000	No. of Shares '000	Amount \$'000
<u>Issued and paid up:</u>				
At beginning and end of the financial period/year	1,458,446	554,337	1,458,446	554,337

The total number of issued shares was 1,378,656,672 (excluding treasury shares) as at 31 December 2021 (30 June 2021: 1,378,656,672).

As at 31 December 2021, there were 79,790,100 treasury shares (30 June 2021: 79,790,100).

As at 31 December 2021, there was unexercised share option for 1,970,000 unissued ordinary shares (30 June 2021: 2,020,000) under the Raffles Education Corporation Employees' Share Option Scheme.

F. Other Information Required by Listing Rule Appendix 7.2

1 Whether the figures have been audited or reviewed and in accordance with the auditing standards or practice.

The condensed consolidated statements of financial position of Raffles Education Corporation Limited and its subsidiaries as at 31 December 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statement of cash flows for the applicable 3-month and/or 6-month periods then ended and certain explanatory notes have not been audited or reviewed.

2 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the followings:-

- (a) 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; and**
- (b) 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 FOR THE 3 MONTHS AND 6 MONTHS ENDED 31 DECEMBER 2021

(1) Revenue

Q2 FY22 vs Q2 FY21

Increase in revenue from \$27.4 million for Q2 FY2021 to \$30.0 million for Q2 FY2022 was mainly due to:

- (a) Revenue from colleges in People's Republic of China ("PRC") increased by \$3.1 million from \$13.3 million for Q2 FY2021 to \$16.5 million for Q2 FY2022 due to significantly higher student enrolments.

Offset by:

- (b) Revenue from the leasing of education facilities of Oriental University City Holdings (H.K.) Limited ("OUCHK") decreased by \$0.3 million from \$8.9 million for Q2 FY2021 to \$8.6 million for Q2 FY2022 mainly due to the reduced leasing space of education facilities taken up by a few education institutions in Langfang City, the PRC.

1H FY22 vs 1H FY21

Increase in revenue from \$48.4 million for 1st half FY2021 to \$53.2 million for 1st half FY2022 was mainly due to:

- (a) Revenue from colleges in PRC increased by \$5.5 million from \$23.4 million for 1st half FY2021 to \$28.9 million for 1st half FY2022 due to significantly higher student enrolments. The students' number in PRC has grown up by 29% from comparative period.

Offset by:

- (b) Revenue from the leasing of education facilities of OUCHK decreased by \$0.8 million from \$5.7 million for 1st half FY2021 to \$4.9 million for 1st half FY2022 mainly due to the reduced leasing space of education facilities taken up by a few education institutions in Langfang City, the PRC.

F. Other Information Required by Listing Rule Appendix 7.2 (continued)

COMMENTARY ON THE GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE 3 MONTHS AND 6 MONTHS ENDED 31 DECEMBER 2021 (CONTINUED)

(2) Other operating income

Q2 FY22 vs Q2 FY21

Other operating income for Q2 FY2022 of \$37.7 million was mainly gain on disposal of non-current assets held for sale of \$37.2 million from compulsory land acquisition by Hefei City Authority of the People's Republic of China ("Hefei City Authority") for the land owned by Wanbo Institute of Science & Technology ("Wanbo").

Other operating income for Q2 FY2021 of \$29.2 million was mainly gain on disposal of property plant and equipment of \$28.1 million from compulsory land acquisition by Hefei City Authority for the land owned by Hefei Lanjing Science and Trade Co., Ltd. ("HLST").

1H FY22 vs 1H FY21

Other operating income for 1st half FY2022 of \$38.4 million was mainly:

- a) Gain on disposal of non-current assets held for sale of \$37.2 million from compulsory land acquisition by Hefei City Authority of the People's Republic of China ("Hefei City Authority") for the land owned by Wanbo Institute of Science & Technology ("Wanbo"); and
- b) Government grants received by certain subsidiaries of \$0.8 million.

Other operating income for 1st half FY2021 of \$35.4 million was mainly:

- a) Gain on disposal of property plant and equipment of \$28.1 million from compulsory land acquisition by Hefei City Authority for the land owned by Hefei Lanjing Science and Trade Co., Ltd. ("HLST");
- b) Net bargain purchase of additional equity interest of 35.9% in Langfang Hezhong Real Estate Development Co., Ltd ("Hezhong") of \$3.3 million;
- c) Interest income of \$1.0 million; and
- d) Government grants received by certain subsidiaries of \$0.3 million due to certain governments' measures to help reduce financial burden of businesses during the pandemic period.

(3) Personnel expenses

Q2 FY22 vs Q2 FY21

Increase in personnel expenses from \$9.6 million for Q2 FY2021 to \$10.3 million for Q2 FY2022 was mainly due to increase in social insurance contribution rate of Wanbo as governed by the Authority, and increase in medical insurance contribution of Boustead College (Boustead College received medical insurance subsidy from government in comparative period).

F. Other Information Required by Listing Rule Appendix 7.2 (continued)

COMMENTARY ON THE GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE 3 MONTHS AND 6 MONTHS ENDED 31 DECEMBER 2021 (CONTINUED)

(4) Other operating expenses

Q2 FY22 vs Q2 FY21

Increase in other operating expenses from \$9.3 million for Q2 FY2021 to \$12.1 million for Q2 FY2022 was mainly due to:

- (a) Higher marketing expenses and registration & examination fees incurred in Q2 FY2022 were in tandem with the increase in students' number for some of the Group's education institutions;
- (b) Higher provision of estimated business tax in PRC upon the receipt of RMB100 million from Mr. Liu Yan Wen in Q2 FY2022;
- (c) Higher professional fees incurred during Q2 FY2022; and
- (d) Increase in scholarship expense by Wanbo and Boustead College.

1H FY22 vs 1H FY21

Increase in other operating expenses from \$15.0 million for 1st half FY2021 to \$19.9 million for 1st half FY2022 was mainly due to:

- (a) Lower other operating expenses in prior comparative period as certain schools, colleges and universities of the Group postponed new semester/conducted online teaching due to the Covid-19 pandemic.
- (b) Higher marketing expenses and registration & examination fees incurred in 1st half FY2022 were in tandem with the increase in students' number for some of the Group's education institutions.
- (c) Higher provision of estimated business tax in PRC upon the receipt of RMB200 million from Mr. Liu Yan Wen in 1st half FY2022
- (d) Higher professional fees incurred during the 1st half FY2022; and
- (e) Increase in scholarship expense by Wanbo and Boustead College.

F. Other Information Required by Listing Rule Appendix 7.2 (continued)

COMMENTARY ON THE GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE 3 MONTHS AND 6 MONTHS ENDED 31 DECEMBER 2021 (CONTINUED)

(5) Finance costs

Q2 FY22 vs Q2 FY21

Increase in finance costs from \$3.2 million for Q2 FY2021 to \$5.0 million for Q2 FY2022 was mainly due to higher interest expenses incurred by OUCHK for additional borrowings, default interest recognised by Raffles K12 Sdn Bhd ("RK12") and Raffles Iskandar Sdn Bhd ("RU"), and interest charged on outstanding tax liabilities of Raffles Assets Australia Pty Ltd ("RAA").

1H FY22 vs 1H FY21

Increase in finance costs from \$6.7 million for 1st half FY2021 to \$11.1 million for 1st half FY2022 was mainly due to higher interest expenses incurred by OUCHK for additional borrowings, default interest recognised by Raffles K12 Sdn Bhd ("RK12") and Raffles Iskandar Sdn Bhd ("RU"), and interest charged on outstanding tax liabilities of Raffles Assets Australia Pty Ltd ("RAA").

(6) Depreciation and amortisation expenses

1H FY22 vs 1H FY21

Increase in depreciation and amortisation expenses from \$8.9 million for 1st half FY2021 to \$9.6 million for 1st half FY2022 was mainly due to additions to fixed assets arising from the acquisition of Hezhong since the beginning of 2nd quarter of FY2021.

	6 months ended 31/12/21 \$'000	6 months ended 31/12/20 \$'000
Depreciation expenses for property, plant and equipment	8,836	7,795
Depreciation expenses for right-of-use assets	663	884
Amortisation expenses for intangible assets	140	182
Total depreciation and amortisation expenses	9,639	8,861

(7) Fair value gain on investment properties

Fair value gain on investment properties of \$9.5 million recognized in Q2 FY2021 and 1st half FY2021 was wholly attributable to the revaluation of investment properties in OUCHK.

(8) Share of results of joint ventures

Decrease in share results of joint ventures was mainly due to the absence of the one-off compensation of \$6.1 million received from the buyer of VVPL's subsidiary in Q2 FY2021.

F. Other Information Required by Listing Rule Appendix 7.2 (continued)

COMMENTARY ON THE GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE 3 MONTHS AND 6 MONTHS ENDED 31 DECEMBER 2021 (CONTINUED)

(9) Income tax & deferred tax expenses

Q2 FY22 vs Q2 FY21

Increase in income tax & deferred tax expense from \$2.9 million for Q2 FY2021 to \$12.1 million for Q2 FY2022 was mainly due to recognition of deferred tax arising from gain on disposal of Wanbo's land and buildings and provision of estimated tax payable in PRC upon the receipt of RMB100 million from Mr. Liu Yan Wen in Q2 FY2022.

1H FY22 vs 1H FY21

Increase in income tax & deferred tax expense from \$2.8 million for 1st half FY2021 to \$14.9 million for 1st half FY2022 was mainly due to recognition of deferred tax arising from gain on disposal of Wanbo's land and buildings and provision of estimated tax payable in PRC upon the receipt of RMB200 million from Mr. Liu Yan Wen in 1st half FY2022.

(10) Currency translation gain

Currency translation gain, for Q2 FY2022 and 1st half FY2022 of \$22.6 million and \$25.2 million respectively, arose from the consolidation of foreign operations mainly from the translation of net assets values of OUCHK, Oriental University City (Cayman) Limited ("OUCCY"), Tianjin University of Commerce Boustead College ("BC"), and Wanbo.

F. Other Information Required by Listing Rule Appendix 7.2 (continued)

COMMENTARY ON THE GROUP STATEMENT OF FINANCIAL POSITION (AS AT 31 DECEMBER 2021 AND 30 JUNE 2021)

(11) Increase in property, plant and equipment (“PPE”) from \$598.3 million in FY2021 (“ended 30 June 2021”) to \$617.5 million in 1st half FY2022 (“ended 31 December 2021”) was mainly due to:

- a. Additions to property, plant and equipment of \$17.1 million; and
- b. Foreign currency translation movement of \$6.3 million.

Offset by:

- c. Depreciation charge for property, plant and equipment amounting to \$8.8 million.

(12) Decrease in investment in associate from \$6.1 million in FY2021 to \$3.8 million in 1st half FY2022 was mainly due to return of capital from an associate, Axiom Properties Limited, of \$3.3 million.

(13) Increase in other receivables from \$4.1 million in FY2021 to \$4.9 million in 1st half FY2022 was mainly due to progressive payments for the acquisition of investment properties in Mongolia by OUCHK.

(14) Current trade and other receivables breakdown as follows:

	31/12/21 \$'000	30/06/21 \$'000
Current trade receivables:		
Third parties, (net)	14,902	9,495
Current other receivables:		
Third parties	1,160	1,622
Receivable from disposal of subsidiary ^(a)	15,846	57,047
Receivable from disposal of non-current asset held for sale (refer F 2.15)	18,530	-
Prepayments	10,712	10,499
Deposits	6,924	6,730
Joint ventures	21,208	21,138
Tax recoverable	43	59
Others	277	289
	74,700	97,384
Total current trade and other receivables	89,602	106,879

- a. In 1st half FY2022, the Group received partial payment of RMB 200 million (\$42.8 million) from Mr. Liu Yan Wen. The Group expect to receive the remainder balance of RMB 74million (\$15.9 million) by 30 September 2022.

F. Other Information Required by Listing Rule Appendix 7.2 (continued)

COMMENTARY ON THE GROUP STATEMENT OF FINANCIAL POSITION (AS AT 31 DECEMBER 2021 AND 30 JUNE 2021) (CONTINUED)

- (15) Non-current assets held for sale relates to the disposal of land and buildings of Wanbo Institute of Science & Technology's ("Wanbo") for the compulsory land acquisition by Hefei City Authority. Wanbo had vacated the old campus and the process of handing over of the land had been completed in 1st half FY2022.

	31/12/21 \$'000
Disposal price	58,437
Instalment received in prior year (refer F 2.16)	(12,362)
Instalment received during 1 st half FY 22 (refer F 2.24)	(27,644)
Foreign currency translation difference	99
Balance receivable	18,530

- (16) Current trade and other payables breakdown as follows:

	31/12/21 \$'000	30/06/21 \$'000
Current trade payables:		
Third parties	2,930	3,389
Current other payables:		
Other accruals ^(a)	19,375	17,777
Accruals for property and land use tax	4,263	3,990
Accruals for business tax	2,710	2,530
Accruals for capital expenditure ^(b)	4,043	9,441
Amount due to joint venture	6,988	6,777
Amount due to a director	5,460	10,923
Payable for purchase of Campus Facilities by BC	6,786	6,618
Payable for acquisition of 35.9% equity interest in Hezhong	1,302	1,266
Advance receipt from disposal of non-current asset held for sale (refer F 2.15)	-	12,084
Other payables	11,684	12,150
	62,611	83,556
Total current trade and other payables	65,541	86,945

a. Increase in other accruals was mainly due marketing expenses incurred by Wanbo for recruitment of new students.

b. Decrease in accruals for capital expenditure was mainly due to payment to contractors.

- (17) Increase in course fees received in advance from \$13.8 million in FY2021 to \$40.7 million in 1st half FY2022 was mainly due to annual fee collections from students in Tianjin University of Commerce, Boustead College ("BC") and Wanbo. This deferred income will be recognised as revenue over the next 2 financial quarters in FY2022.

- (18) Increase in education facilities rental service fees received in advance from \$1.1 million in FY2021 to \$3.1 million in 1st half FY2022 was mainly due to annual education facilities rental fees from third party colleges in OUCHK. This deferred income will be recognised as revenue over the next 2 financial quarters in FY2022.

F. Other Information Required by Listing Rule Appendix 7.2 (continued)

COMMENTARY ON THE GROUP STATEMENT OF FINANCIAL POSITION (AS AT 31 DECEMBER 2021 AND 30 JUNE 2021) (CONTINUED)

(19) Decrease in current borrowings from \$299.2 million in FY2021 to \$212.0 million in 1st half FY2022 was mainly due to repayments of borrowings during the 6 months. Overall, the total borrowings decreased from \$391.4 million in FY2021 to \$307.0 million in 1st half FY2022.

(20) Net current liabilities as at 31 Dec 2021 was mainly from:

- a. Classification of Raffles K12 Sdn Bhd ("RK12"), Raffles Iskandar Sdn Bhd ("RU") and Raffles Assets (Singapore) Pte Ltd ("RA") borrowings as short-term borrowings. The aggregated outstanding term loans of these subsidiaries amounted to \$184.1 million;
- b. Overdraft facilities of \$13.8 million that were classified as current but these overdraft facilities will be continuing; and
- c. Course fees received in advance of \$40.7 million and education facilities rental service fees received in advance of \$3.1 million which will be recognised as revenue over the next 2 financial quarter in FY2022.

(21) Decrease in non-current trade and other payables from \$16.1 million in FY2021 to \$11.2 million in 1st half FY2022 was mainly due to instalment payment to Hongda of RMB 35 million (\$7.5 million).

(22) Deferred tax liabilities breakdown for 1st half FY2022 as follows:

	Accelerated tax depreciation on PPE \$'000	Fair value adjustment on investment properties \$'000	Divestment of land and properties \$'000	Others \$'000	Total \$'000
Balance at 1 Jul 2021	2,502	41,015	30,895	(61)	74,351
(Credited)/Charged to profit or loss	(47)	-	8,138	4,115	12,206
Foreign currency realignment	60	859	925	36	1,880
Balance at 31 Dec 2021	2,515	41,874	39,958	4,090	88,437

F. Other Information Required by Listing Rule Appendix 7.2 (continued)

COMMENTARY ON THE GROUP STATEMENT OF CASHFLOWS

(23) Net cash from operating activities amounted to \$23.9 million.

(24) Major contributors of cash inflows were

- (a) Proceeds from disposal of non-current assets held for sale of \$27.6 million;
- (b) Subsequent payment received from disposal of subsidiary (LOIT) of \$42.2 million; and
- (c) Redemption of pledged deposit with a bank of \$29.4 million.

(25) Major cash outflows were for:

- (a) Payments for property, plant & equipment of \$25.5 million;
- (b) Repayment to a director \$5.6 million; and
- (c) Repayment of bank borrowings of \$89.7 million.

(26) The Group's cash position was \$36.6 million at the end of 1st half FY2022 (1st half FY2021: \$14.1 million).

3 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No forecast was made. The Group's operations are generally in line as stated in item F 4 of the Group's results announcement for the financial period ended 30 September 2021.

4 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 uncertainty brought about by Covid-19 pandemic with the lockdown and restricted border movements in all the locations we operate in is continuing to impact our recruitment and retention of foreign students from January 2020 till date and will continue to have impact on the Group.

The challenging global education environment with increasing competition and increasing restrictive policies in the countries that we operate in an uncertain global economy and currency volatility will continue to affect the Group.

The Group continues to streamline and restructure its operations to adapt to the new paradigm brought about by Covid-19 pandemic for better cost management and improved efficiency.

F. Other Information Required by Listing Rule Appendix 7.2 (continued)

5 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.

6 If no dividend has been declared/recommendeded, a statement to that effect and the reason(s) for the decision

Due to the Covid-19 pandemic and on a prudent basis, no dividend will be declared for the current financial year.

7 If the Company has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii) of the SGX-ST Listing Manual. If no IPT mandate has been obtained, a statement to that effect

Not applicable as the Group does not have in place a general mandate for interested person transactions.

8 Negative assurance confirmation pursuant to Rule 705(5) of the Listing Manual. (Not required for announcement of full year results)

The Board confirms that to the best of its knowledge, nothing has come to its attention which may render the financial results for 3 months and 6 months ended 31 December 2021 to be false or misleading in any material aspect. A statement signed by two directors is on record.

9 Confirmation that the company has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual

The Board confirms that the undertakings from all its directors and executive officers as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual were procured.

10 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
11 February 2022