

RAFFLES EDUCATION CORPORATION LIMITED

Company registration Number: 199400712N

FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 30 JUNE 2022

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

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Note (Page 21-24)	Group					
		3 months ended 30/06/22 \$'000	3 months ended 30/06/21 \$'000	Change %	12 months ended 2022 \$'000	12 months ended 2021 \$'000	Change %
Revenue	F 2.1	25,455	24,407	4	105,371	97,729	8
Other operating income	F 2.2	415	(777)	(153)	38,942	35,562	10
Personnel expenses	F 2.3	(12,616)	(11,751)	7	(43,796)	(41,552)	5
Other operating expenses	F 2.4	(19,742)	(11,146)	77	(47,761)	(33,305)	43
Finance costs	F 2.5	(4,363)	(6,615)	(34)	(19,679)	(17,915)	10
Depreciation and amortisation expenses	F 2.6	(5,546)	(4,548)	22	(19,950)	(18,209)	10
Reversal of impairment in associates	F 2.7	-	1,428	(100)	-	1,428	(100)
Fair value gain on investment properties	F 2.8	11,621	4,362	166	11,621	13,839	(16)
Share of results of joint ventures	F 2.9	1	(49)	NM	3,332	2,742	22
Share of results of associates		155	842	NM	980	1,946	(50)
Operating (loss)/profit before income tax		(4,620)	(3,847)		29,060	42,265	
Foreign exchange gain		7,230	-	100	9,996	1,794	457
Foreign exchange loss		(4,262)	(2,670)	60	(16,669)	(14,180)	18
(Loss)/profit before income tax		(1,652)	(6,517)	(75)	22,387	29,879	(25)
Income tax expense	F 2.10	(5,604)	(397)	1312	(9,349)	(883)	959
Deferred tax expense	F 2.10	6,256	(9,738)	(164)	(5,267)	(12,332)	(57)
Net (loss)/profit after tax		(1,000)	(16,652)	(94)	7,771	16,664	(53)
Net profit attributable to:							
Equity holders of the Company		(651)	(16,650)	(100)	9,612	16,386	(41)
Non-controlling interests		(349)	(2)	NM	(1,841)	278	NM
Net (loss)/profit after tax		(1,000)	(16,652)	(94)	7,771	16,664	(53)
Other comprehensive (loss)/income, net of tax							
Items that will not be reclassified subsequently to profit or loss:							
Currency exchange differences arising on translating foreign operations	F 2.11	(24,217)	6,572		(6,065)	41,633	
Total comprehensive (loss)/income		(25,217)	(10,080)	150	1,706	58,297	(97)
Total comprehensive income attributable to:							
Equity holders of the Company		(22,112)	(10,912)	103	3,788	53,559	(93)
Non-controlling interests		(3,105)	832	(473)	(2,082)	4,738	(144)
Total comprehensive (loss)/income		(25,217)	(10,080)	150	1,706	58,297	(97)
Earnings per share for (loss)/profit for the period/year attributable to the owners of the Company during the period:							
Basic (cents)		(0.05)	(1.21)		0.70	1.19	
Diluted (cents)		(0.05)	(1.21)		0.70	1.19	

NM – Not meaningful

Condensed Interim Statements of Financial Position

UNAUDITED STATEMENTS OF FINANCIAL POSITION	Note (Page 25 -28)	Group		Company	
		30 Jun 2022 \$'000	30 Jun 2021 \$'000	30 Jun 2022 \$'000	30 Jun 2021 \$'000
Non-current assets					
Property, plant and equipment	F 2.12	602,765	598,286	6	9
Right-of-use assets	F 2.13	2,306	4,541	-	-
Investment properties	F 2.14	435,109	433,873	-	-
Investment in subsidiaries		-	-	443,391	442,737
Investment in joint ventures	F 2.15	218	3,712	-	-
Investment in associates	F 2.16	3,710	6,079	-	-
Intangible assets	F 2.17	112,208	111,155	92	97
Deferred tax assets		946	1,381	-	-
Other receivables	F 2.18	4,739	4,068	44,653	35,987
Restricted bank balances		2,118	2,043	-	-
		1,164,119	1,165,138	488,142	478,830
Current assets					
Inventories		63	81	-	-
Trade and other receivables	F 2.19	52,590	106,879	267,457	216,531
Cash and bank balances		64,089	84,929	131	493
		116,742	191,889	267,588	217,024
Non-current assets held for sale	F 2.20	-	25,303	-	-
		116,742	217,192	267,588	217,024
Less:					
Current liabilities					
Trade and other payables	F 2.21	60,872	86,945	382,248	277,988
Course fees received in advance	F 2.22	25,820	13,756	-	-
Education facilities rental service fees received in advance	F 2.23	2,506	1,129	-	-
Income tax payables	F 2.24	18,889	10,486	51	51
Borrowings	F 2.25	166,376	299,197	908	35,738
Lease liabilities	F 2.26	861	2,112	-	-
		275,324	413,625	383,207	313,777
Net current liabilities	F 2.27	(158,582)	(196,433)	(115,619)	(96,753)
Less:					
Non-current liabilities					
Trade and other payables	F 2.28	13,472	16,133	-	-
Borrowings	F 2.25	134,826	92,175	20,761	21,185
Lease liabilities	F 2.26	1,476	2,529	-	-
Deferred tax liabilities	F 2.29	70,540	74,351	-	-
		220,314	185,188	20,761	21,185
Net assets		785,223	783,517	351,762	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		160,514	156,726	(162,892)	(153,762)
Equity attributable to equity holders of the Company		675,168	671,380	351,762	360,892
Non-controlling interests	F 2.30	110,055	112,137	-	-
Total equity		785,223	783,517	351,762	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		
FY2022							
Balance at 1 Jul 2021	554,337	(39,683)	2,642	154,084	671,380	112,137	783,517
Total comprehensive income/(loss)	-	-	-	3,788	3,788	(2,082)	1,706
Balance at 30 June 2022	554,337	(39,683)	2,642	157,872	675,168	110,055	785,223
FY2021							
Balance at 1 Jul 2020	554,337	(39,683)	2,632	100,525	617,811	63,771	681,582
Total comprehensive income	-	-	-	53,559	53,559	4,738	58,297
Share-based payment	-	-	10	-	10	-	10
Acquisition of subsidiary with non-controlling interest	-	-	-	-	-	43,628	43,628
Balance at 30 June 2021	554,337	(39,683)	2,642	154,084	671,380	112,137	783,517

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)	2,642	(156,404)	360,892
Total comprehensive loss	-	-	-	(9,130)	(9,130)
Balance at 30 June 2022	554,337	(39,683)	2,642	(165,534)	351,762
FY2021					
Balance at 1 Jul 2021	554,337	(39,683)	2,632	(129,547)	387,739
Total comprehensive loss	-	-	-	(26,857)	(26,857)
Share-based payment	-	-	10	-	10
Balance at 30 June 2021	554,337	(39,683)	2,642	(156,404)	360,892

Condensed Interim Consolidated Statement of Cash Flows

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS	Note (Page 29)	12 months ended 30 Jun 2022 \$'000	12 months ended 30 Jun 2021 \$'000
Operating activities			
Profit before income tax		22,387	29,879
Adjustments for:			
Depreciation for property, plant and equipment		18,115	16,269
Fair value gain on investment properties, net		(11,621)	(13,839)
Amortisation for right-of-use assets		1,502	1,595
Loss allowance/(reversal of loss allowance) on trade receivables		18	(2)
Net bargain purchase on acquisition of subsidiary		-	(3,257)
Reversal of impairment loss on investment in associate		-	(1,428)
Loss on disposal of investment properties		1,700	156
Amortisation of intangible assets		333	345
Bad trade receivables written off		162	479
Finance costs		19,679	17,915
Interest income		(231)	(1,336)
Gain on disposal of non-current assets held for sale		(36,866)	(28,427)
(Gain)/loss on disposal of property, plant and equipment, net		(52)	31
(Gain) on lease modification		(306)	(124)
Property, plant and equipment written off		18	3
Write back of accrued capital expenditure		(34)	(1,632)
Share-based payment		-	10
Share of results of joint ventures		(3,332)	(2,742)
Share of results of associates		(980)	(1,946)
Unrealised foreign exchange (gain)/losses		(2,143)	11,044
Operating cash flows before movement in working capital		8,349	22,993
Working capital changes:			
Inventories		18	15
Trade and other receivables		5,071	(2,282)
Course fees received in advance		12,065	513
Education facilities rental service received in advance		1,377	(325)
Trade and other payables		20,551	4,151
Cash generated from operations		47,431	25,065
Interest paid		(23,605)	(11,293)
Interest received		174	645
Income and withholding taxes paid		(8,415)	(953)
Net cash generated from operating activities	F 2.31	15,585	13,464
Investing activities			
Additions for development cost and computer software		(14)	(10)
Additions of trademarks and licenses		(132)	(2)
Payments for property, plant and equipment	F 2.33	(32,454)	(27,246)
Additions of investment properties		(889)	(1,732)
Acquisition of subsidiary		-	(50,085)
Proceeds from disposal of subsidiary	F 2.32	42,239	4,073
Proceeds from disposal of non-current assets held for sale	F 2.32	46,075	44,050
Proceeds from disposal of property, plant and equipment		221	28
Proceeds from disposal of investment properties		1,557	585
Proceeds from sale of right-of-use assets		-	6

Condensed Interim Consolidated Statement of Cash Flows (continued)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS	Note (Page 30)	12 months ended 30 Jun 2022 \$'000	12 months ended 30 Jun 2021 \$'000
Investing activities (continued)			
Return of capital from an associate		3,279	1,187
Net cash generated/(used in) investing activities		59,882	(29,146)
Financing activities			
(Increase)/Decrease in restricted bank balances		(641)	1,701
Decrease/(increase) in fixed deposit pledged	F 2.32	29,592	(26,870)
(Repayment of loan to)/loan from a director, net	F 2.33	(6,439)	4,887
Drawdown of borrowings	F 2.32	11,226	73,454
Repayment of borrowings	F 2.33	(99,631)	(15,168)
Repayment of principal portion of lease liabilities		(1,272)	(1,474)
Repayment of interest portion of lease liabilities		(154)	(256)
Net cash (used in)/generated from financing activities		(67,319)	36,274
Net change in cash and cash equivalents		8,148	20,592
Cash and cash equivalents at beginning of financial year		29,527	8,197
Effect of exchange rate changes on cash and cash equivalents		(252)	738
Cash and cash equivalents at end of financial year – Note A	F 2.34	37,423	29,527

Note A:

	Note	12 months ended 30 Jun 2022 \$'000	12 months ended 30 Jun 2021 \$'000
Cash and cash equivalents			
<u>Current</u>			
Fixed deposits with banks		26,110	55,402
Cash and bank balances		37,423	29,527
Restricted bank balances		556	-
<u>Non-current</u>			
Restricted bank balances		2,118	2,043
Cash and bank balances in the statement of financial position		66,207	86,972
Pledged fixed deposits and bank balances		(26,110)	(55,402)
Restricted bank balances		(2,674)	(2,043)
Cash and cash equivalents in the statement of cash flow	F 2.34	37,423	29,527

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 three months ended 30 June 2022 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 30 June 2022, the Group's and the Company's current liabilities exceeded its current assets by \$158.6 million and \$115.6 million respectively. These condensed interim financial statements of the Group and the Company have been prepared on a going concern basis taking into consideration the following:

1. Positive cash flow generation from its operations based on the cash flow forecast that covers a period of at least 12 months from 30 June 2022;
2. Collection of remaining balance receivables of RMB 74million (approx. SGD 15.4million) 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;
3. Estimated net proceeds of SGD 37.7million from the proposed renounceable underwritten rights issue of convertible bonds and placement of convertible bonds to be received by end of September 2022;
4. The Group's ability to realise certain of its assets through sale/lease of its properties;
5. The Group is confident that its lenders will continue to give support to the Group and UOB's mortgage loan on the Property is only due for re-financing in May 2023;
6. The Group's ability to refinance its existing borrowings when necessary with other banks; and
7. The Company has the ability to tap funds from its shareholders and the capital markets.

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

Going Concern (continued)

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 June 2022.

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

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
- **Note 14** – Acquisition of subsidiary: the fair value of the consideration transferred (including contingent consideration) and the fair value of the assets acquired and liabilities assumed.

3 Seasonal operations

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

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

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 30 Jun 2022				
	Education	Education Facilities Rental Service	Education Real Estate Investment & Development	Corporate & Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	22,291	2,611	551	2	25,455
Inter-segment revenue	195	319	335	1,843	2,692
Interest income	13	2	3	1	19
Gain on disposal of property, plant and equipment	17	34	-	-	51
Loss on disposal of non-current assets held for sale	(318)	-	-	-	(318)
Loss on disposal of investment properties	-	(1,700)	-	-	(1,700)
Net fair value gain on investment properties	-	5,222	2,584	3,815	11,621
Finance cost	(2,630)	(947)	(76)	(710)	(4,363)
Depreciation and amortisation	(3,506)	(219)	(1,288)	(533)	(5,546)
Share of results from joint ventures	-	-	-	1	1
Share of results from associates	(6)	161	-	-	155
Reportable segment (loss)/ profit before income tax	(3,322)	4,428	(5,332)	2,574	(1,652)
Net (loss)/ profit for the financial period	(4,110)	159	1,244	1,707	(1,000)
<u>Other information:</u>					
Additions to property, plant and equipment	2,544	178	152	-	2,874
Additions to right-of-use assets	126	-	-	-	126
Investment in joint ventures	-	-	-	218	218
Investment in associates	260	3,450	-	-	3,710
Segment assets	476,585	331,336	207,928	81,723	1,097,572
Segment liabilities	(183,785)	(47,611)	(39,171)	(124,104)	(394,671)

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

4.1 Reportable Segments (continued)

	Group 3 months ended 30 Jun 2021				
	Education	Education Facilities Rental Service	Education Real Estate Investment & Development	Corporate & Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	20,926	2,932	549	-	24,407
Inter-segment revenue	74	313	67	2,360	2,814
Interest income	28	5	153	(29)	157
Gain on disposal of property, plant and equipment	8	-	-	-	8
Gain on disposal of non-current assets held for sale	337	-	-	-	337
Loss on disposal of investment properties	-	(156)	-	-	(156)
Net fair value gain on investment properties	-	1,727	2,565	70	4,362
Reversal of impairment loss on investment in associates	-	1,428	-	-	1,428
Finance cost	(4,592)	(1,086)	(102)	(835)	(6,615)
Depreciation and amortisation	(2,608)	(149)	(1,257)	(534)	(4,548)
Share of results from joint ventures	-	-	-	(49)	(49)
Share of results from associates	(6)	852	(4)	-	842
Reportable segment profit/(loss) before income tax	(2,018)	5,185	(2,227)	(7,457)	(6,517)
Net profit/(loss) for the financial period	(10,068)	3,564	(2,684)	(7,464)	(16,652)
<u>Other information:</u>					
Additions to property, plant and equipment	14,629	63	-	-	14,692
Additions to right-of-use assets	10	-	-	-	10
Additions to investment properties	-	116	-	-	116
Additions to intangible assets	10	-	-	-	10
Investment in joint ventures	-	-	-	3,712	3,712
Investment in associates	291	5,788	-	-	6,079
Segment assets	445,931	328,078	315,348	83,675	1,173,032
Segment liabilities	(243,393)	(55,850)	(32,794)	(167,405)	(499,442)

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

4.1 Reportable Segments (continued)

	Group				
	12 months ended 30 Jun 2022				
	Education	Education Facilities Rental Service	Education Real Estate Investment & Development	Corporate & Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	93,411	10,132	1,825	3	105,371
Inter-segment revenue	294	1,293	1,349	6,601	9,537
Interest income	121	12	96	2	231
Gain on disposal of property, plant and equipment	17	35	-	-	52
Gain on disposal of non-current assets held for sale	36,866	-	-	-	36,866
Loss on disposal of investment properties	-	(1,700)	-	-	(1,700)
Net fair value gain on investment properties	-	5,222	2,584	3,815	11,621
Finance cost	(11,623)	(4,144)	(1,084)	(2,828)	(19,679)
Depreciation and amortisation	(11,747)	(888)	(5,181)	(2,134)	(19,950)
Share of results from joint ventures	-	-	-	3,332	3,332
Share of results from associates	(14)	994	-	-	980
Reportable segment profit/(loss) before income tax	41,311	3,420	(13,391)	(8,953)	22,387
Net profit/(loss) for the financial year	32,257	(872)	(13,749)	(9,865)	7,771
<u>Other information:</u>					
Additions to property, plant and equipment	26,813	462	152	6	27,433
Additions to right-of-use assets	126	-	-	-	126
Additions to investment properties	-	889	-	-	889
Additions to intangible assets	1,944	-	-	4	1,948
Investment in joint ventures	-	-	-	218	218
Investment in associates	260	3,450	-	-	3,710
Segment assets	476,585	331,336	207,928	81,723	1,097,572
Segment liabilities	(183,785)	(47,611)	(39,171)	(124,104)	(394,671)

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

4.1 Reportable Segments (continued)

	Group 12 months ended 30 Jun 2021				
	Education	Education Facilities Rental Service	Education Real Estate Investment & Development	Corporate & Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	83,703	12,233	1,793	-	97,729
Inter-segment revenue	198	1,162	269	7,571	9,200
Interest income	106	13	1,217	-	1,336
Gain on disposal of property, plant and equipment	12	-	-	-	12
Gain on disposal of non-current assets held for sale	28,427	-	-	-	28,427
Loss on disposal of investment properties	-	(156)	-	-	(156)
Net fair value gain on investment properties	-	11,204	2,566	69	13,839
Reversal of impairment loss on investment in associates	-	1,428	-	-	1,428
Finance cost	(11,633)	(2,794)	(418)	(3,070)	(17,915)
Depreciation and amortisation	(11,353)	(807)	(3,908)	(2,141)	(18,209)
Share of results from joint ventures	-	-	-	2,742	2,742
Share of results from associates	(25)	2,163	(192)	-	1,946
Reportable segment profit/(loss) before income tax	32,640	17,490	(5,538)	(14,713)	29,879
Net profit/(loss) for the financial year	24,682	12,725	(6,007)	(14,736)	16,664
<u>Other information:</u>					
Additions to property, plant and equipment	20,567	201	-	1	20,769
Additions to right-of-use assets	2,587	-	-	-	2,587
Additions to investment properties	-	1,066	-	-	1,066
Additions to intangible assets	10	-	-	2	12
Investment in joint ventures	-	-	-	3,712	3,712
Investment in associates	291	5,788	-	-	6,079
Segment assets	445,931	328,078	315,348	83,675	1,173,032
Segment liabilities	(243,393)	(55,850)	(32,794)	(167,405)	(499,442)

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

4.2 Disaggregation of Revenue

Operating Segment	Group					Total
	Education	Education Facilities Rental Service	Education Real Estate Investment & Development	Corporate & Others		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Course fee	21,948	-	-	-	-	21,948
Rental income from investment properties	-	2,611	543	2	-	3,156
Student accommodation fee	(426)	-	-	-	-	(426)
Canteen operation	196	-	-	-	-	196
Other fees	573	-	8	-	-	581
Total revenue	22,291	2,611	551	2	-	25,455

Geographical information	ASEAN	North Asia	South Asia	Australasia	Europe	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	
Course fee	7,585	13,725	120	-	518	21,948
Rental income from investment properties	2	2,676	-	-	478	3,156
Student accommodation fee	2	(428)	-	-	-	(426)
Canteen operation	166	30	-	-	-	196
Other fees	307	221	-	-	53	581
Total revenue	8,062	16,224	120	-	1,049	25,455

Operating Segment	Group					Total
	Education	Education Facilities Rental Service	Education Real Estate Investment & Development	Corporate & Others		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Course fee	19,032	-	-	-	-	19,032
Rental income from investment properties	-	2,932	547	(4)	-	3,475
Student accommodation fee	789	-	-	-	-	789
Canteen operation	136	-	-	-	-	136
Other fees	969	-	2	4	-	975
Total revenue	20,926	2,932	549	-	-	24,407

Geographical information	ASEAN	North Asia	South Asia	Australasia	Europe	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	
Course fee	6,745	11,289	48	-	950	19,032
Rental income from investment properties	(5)	3,173	-	-	307	3,475
Student accommodation fee	2	787	-	-	-	789
Canteen operation	83	53	-	-	-	136
Other fees	301	673	-	-	1	975
Total revenue	7,126	15,975	48	-	1,258	24,407

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

4.2 Disaggregation of Revenue (continued)

Operating Segment	Group					Total
	12 months ended 30 Jun 2022					
	Education	Education Facilities Rental Service	Education Real Estate Investment & Development	Corporate & Others		
	\$'000	\$'000	\$'000	\$'000	\$'000	
Course fee	89,009	-	-	-	89,009	
Rental income from investment properties	-	10,132	1,793	3	11,928	
Student accommodation fee	2,030	-	-	-	2,030	
Canteen operation	581	-	-	-	581	
Other fees	1,791	-	32	-	1,823	
Total revenue	93,411	10,132	1,825	3	105,371	
Geographical information	ASEAN	North Asia	South Asia	Australasia	Europe	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Course fee	31,487	54,618	357	-	2,547	89,009
Rental income from investment properties	3	10,773	-	-	1,152	11,928
Student accommodation fee	8	2,022	-	-	-	2,030
Canteen operation	435	146	-	-	-	581
Other fees	1,240	507	-	-	76	1,823
Total revenue	33,173	68,066	357	-	3,775	105,371
Operating Segment	Group					Total
	12 months ended 30 Jun 2021					
	Education	Education Facilities Rental Service	Education Real Estate Investment & Development	Corporate & Others		
	\$'000	\$'000	\$'000	\$'000	\$'000	
Course fee	77,484	-	-	-	77,484	
Rental income from investment properties	-	12,233	1,788	-	14,021	
Student accommodation fee	3,096	-	-	-	3,096	
Canteen operation	691	-	-	-	691	
Other fees	2,432	-	5	-	2,437	
Total revenue	83,703	12,233	1,793	-	97,729	
Geographical information	ASEAN	North Asia	South Asia	Australasia	Europe	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Course fee	30,139	44,353	512	-	2,480	77,484
Rental income from investment properties	5	13,028	-	-	993	14,026
Student accommodation fee	19	3,077	-	-	-	3,096
Canteen operation	534	157	-	-	-	691
Other fees	1,352	1,058	1	-	21	2,432
Total revenue	32,049	61,673	513	-	3,494	97,729

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

4.3 A breakdown of sales

	Group		Increase/ (Decrease) %
	Financial year ending 30 Jun 2022 \$'000	Financial year ending 30 Jun 2021 \$'000	
(a) Sales reported for first half year	53,212	48,427	10
(b) Profit after tax reported for first half year	7,695	37,609	(80)
(c) Sales reported for second half year	52,159	49,302	6
(d) Profit/(loss) after tax reported for second half year	76	(20,945)	100

5 Financial assets and financial liabilities

	Group		Company	
	30 Jun 2022 \$'000	30 Jun 2021 \$'000	30 Jun 2022 \$'000	30 Jun 2021 \$'000
<u>Financial Assets</u>				
Trade and other receivables (excluding prepayments & value added tax recoverable)	53,403	100,389	312,023	252,480
Cash and cash equivalents	66,207	86,972	131	493
<u>Financial Liabilities</u>				
Trade and other payables (excluding accruals for business, property and land taxed, advance receipt from disposal of non-current assets held for sale)	64,396	84,474	382,248	277,988
Borrowings	301,202	391,372	21,669	56,923
Lease liabilities	2,337	4,641	-	-

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

6 (Loss)/ profit before taxation

	3 months ended 30 Jun 2022 \$'000	3 months ended 30 Jun 2021 \$'000	12 months ended 30 Jun 2022 \$'000	12 months ended 30 Jun 2021 \$'000
<u>Included in Other Operating Income</u>				
Net bargain purchase on acquisition of subsidiary	-	-	-	3,257
Interest income	19	157	231	1,336
Government grant	(37)	178	762	469
Gain on disposal of property, plant and equipment	65	8	66	12
Gain on disposal of non-current asset held for sale	(318)	337	36,866	28,427
Reversal of loss allowance on trade receivables	-	(7)	-	2
<u>Included in Other Operating Expenses</u>				
Loss allowance on trade receivables	1	-	(18)	-
Bad trade receivables written off	192	(121)	(162)	(479)
Loss on disposal of property, plant and equipment	(14)	(43)	(14)	(43)
Loss on disposal of investment property	(1,700)	(156)	(1,700)	(156)
Lease expenses	(164)	(23)	(275)	(124)
Property, plant and equipment written off	(18)	(2)	(18)	(3)
<u>Included in Personnel Expenses</u>				
Share-based payment	-	-	-	(10)

ADJUSTED EBITDA	3 months ended 30 Jun 2022 \$'000	3 months ended 30 Jun 2021 \$'000	12 months ended 30 Jun 2022 \$'000	12 months ended 30 Jun 2021 \$'000
(Loss)/profit after tax	(1,000)	(16,652)	7,771	16,664
<u>Add/(less):</u>				
Net bargain purchase on acquisition of subsidiary	-	-	-	(3,257)
Government grant	37	(178)	(762)	(469)
Finance costs	4,363	6,615	19,679	17,915
Net income tax and deferred tax expense	(652)	10,135	14,616	13,215
Depreciation and amortisation	5,546	4,548	19,950	18,209
Net foreign exchange (gain)/loss	(2,968)	2,670	6,673	12,386
Property, plant and equipment written off	18	2	18	3
Net (gain)/loss on disposal of property, plant and equipment	(51)	35	(52)	31
Net loss/(gain) on disposal of non-current asset held for sale	318	(337)	(36,866)	(28,427)
Adjusted EBITDA	5,611	6,838	31,027	46,270

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

7 Taxation

The Group calculates income tax expense for the period ended 30 Jun 2022 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 30 Jun 2022 \$'000	3 months ended 30 Jun 2021 \$'000	12 months ended 30 Jun 2022 \$'000	12 months ended 30 Jun 2021 \$'000
<u>Income tax credit/(expense)</u>				
Current financial period	(5,380)	(279)	(8,737)	(732)
Under provision of income tax expense in prior financial periods	(224)	(118)	(612)	(151)
<u>Deferred tax (expense)/credit</u>				
Current financial period	6,266	(9,781)	(5,263)	(12,475)
(Under)/over provision of income tax expense in prior financial periods	(10)	43	(4)	143

8 Net asset value

	Group		Company	
	As at 30 Jun 2022 \$	As at 30 Jun 2021 \$	As at 30 Jun 2022 \$	As at 30 Jun 2021 \$
Net asset value per ordinary share (cents)	48.97	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 30 Jun 2022 (30 Jun 2021: 1,378,656,672).

9 Property, plant and equipment

During the year, the Group acquired assets amounting to \$27,432,295 (30 Jun 2021: \$20,769,000) and disposed assets amounting to \$169,420 (30 Jun 2021: \$3,862,000).

10 Investment Properties

	Group	
	2022 \$'000	2021 \$'000
Beginning of financial year	433,873	405,407
Additions	889	1,066
Disposal	(3,257)	(741)
Fair value gain recognised in profit or loss	11,621	13,839
Currency translation differences	(8,017)	14,302
Balance at end of financial year	435,109	433,873

Investment properties are stated at fair value, determined based on professional valuation carried out by firms of independent professional valuation specialists holding recognised and relevant professional qualifications and recent experience in the locations and categories of the properties being valued. The valuation conforms to International Valuation Standards and is based on the assets' highest and best use, which is in line with actual use.

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

10 Investment Properties (continued)

For valuations performed by independent professional valuation specialist, the management reviews the appropriateness of the valuation methodologies and assumptions adopted including reliability of the inputs used in the valuations.

The Group categorises fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Unobservable inputs for the asset or liability.

The fair value of the investment properties is considered Level 3 recurring fair value measurements.

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Valuation techniques	Key unobservable inputs	Range	Inter-relationship between key unobservable inputs and fair value measurement
Income approach	Capitalisation rate	3.9% - 8.0% per annum (2021: 2.51% - 8.0% per annum)	Increase in capitalisation rate would result in lower fair value.
	Monthly rental rate	\$3.1 - \$71.4 per sqm (2021: \$2.9 - \$20.1 per sqm)	Increase in monthly rental rate would result in higher fair value.
Direct comparison approach	Price per square metre	\$152.96 - \$1,073.1 per sqm (2021: \$94.3 - \$1,080.4 per sqm)	Increase in price per square metre would result in higher fair value.

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	-	1,930	14	4	1,948
Currency translation differences	(397)	(166)	(89)	(3)	(655)
At 30 Jun 2022	110,088	2,340	3,048	116	115,592

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

11 Intangible assets (continued)

Group

	Goodwill on Consolidation \$'000	Trademarks & licenses \$'000	Development Costs \$'000	Computer software \$'000	Total \$'000
Accumulated amortisation & impairment					
At 1 Jul 2021	-	(241)	(2,824)	(79)	(3,144)
Amortisation	-	(106)	(213)	(14)	(333)
Currency translation differences	-	8	82	3	93
At 30 Jun 2022	-	(339)	(2,955)	(90)	(3,384)
Carrying amount at 30 Jun 2022	110,088	2,001	93	26	112,208

Company

	Trademarks & licenses \$'000	Computer software \$'000	Total \$'000
Cost			
At 1 Jul 2021	228	48	276
Additions	-	3	3
At 30 Jun 2022	228	51	279
Accumulated amortisation & impairment			
At 1 Jul 2021	(165)	(14)	(179)
Amortisation	(1)	(7)	(8)
At 30 Jun 2022	(166)	(21)	(187)
Carrying amount at 30 Jun 2022	62	30	92

11.1 Goodwill impairment

Goodwill arising from business combination are tested for impairment annually regardless of the existence of impairment indicator. No impairment was made on the goodwill as the CGUs' recoverable amount (its value-in-use) is higher than the carrying amount.

The recoverable amounts of the CGUs are determined based on the higher of its value-in-use and fair value less cost of disposal.

For value-in-use calculations, the recoverable amounts are determined by applying the discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by the management covering a period of up to five years, including terminal value.

The following are the key assumptions were used in the discounted cash flow model:

- Pre-tax discount rate of 7.0% to 7.5%
- Revenue growth rate range from -4% to 8.3%
- Terminal growth rate of 2.0% to 2.5%

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

12 Borrowings

	Group	
	30 Jun 2022 \$'000	30 Jun 2021 \$'000
<u>Amount repayable in one year or less, or on demand:</u>		
Secured ^{1, 2, 3}	165,667	293,388
Unsecured	709	5,809
	166,376	299,197
<u>Amount repayable after one year:</u>		
Secured ^{1, 2, 3}	134,387	91,537
Unsecured	439	638
	134,826	92,175
Total borrowings	301,202	391,372
REC Group (exclude OUCHK Group, Hong Kong GEM listed)	253,367	332,675
OUCHK Group (75% owned by REC)	47,835	58,697
Total borrowings	301,202	391,372

Details of securities

1 Property mortgage loans of \$250,801,847.

2 Bank borrowings of \$20,520,460 were secured by standby letter of credit based on cash deposit with the bank of \$26,109,600.

3 Bank borrowings of \$15,237,459 were secured by certain properties and restricted bank balances of \$2,038,086.

13 Share Capital

	Group and Company			
	30 Jun 2022		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 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 30 June 2022 (30 June 2021: 1,378,656,672).

As at 30 June 2022, there were 79,790,100 treasury shares (30 June 2021: 79,790,100).

As at 30 June 2022, 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 30 June 2022 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 three months and twelve month period 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 THREE MONTHS AND 12 MONTHS ENDED 30 JUNE 2022

(1) Revenue

FY22 vs FY21

Increase in revenue from \$97.7 million for FY2021 to \$105.4 million for FY2022 was mainly due to:

- (a) Revenue from colleges in PRC increased by \$8.6 million from \$48.1 million for FY2021 to \$56.7 million for FY2022 due to significantly higher student enrolments. The students' number in PRC has grown up by 30% from comparative year.
- (b) Revenue from ASEAN colleges increased by \$1.1 million from \$33.1 million for FY2021 to \$34.2 million for FY2022 due to higher student enrolments. The students' number in ASEAN has grown up by 5% from comparative year.

Offset by:

- (c) Revenue from the leasing of education facilities of OUCHK decreased by \$2.2 million from \$13.0 million for FY2021 to \$10.8 million for FY2022 mainly due to the reduction of leased space and leased period for education facilities leased out to Education Institutions in Langfang City, the PRC, and the impact of Covid-19 measures imposed in PRC.

(2) Other operating income

Q4 FY22 vs Q4 FY21

Other operating income for Q4 FY2021 included reversal of accrued interest income arising from deferment of receivables in relation to the disposal of the Group's entire stake in Langfang Development Zone Oriental University City Sino-Singapore Education Investment Co., Ltd. ("LOIT"). Management has been in negotiations with the buyer on this.

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

COMMENTARY ON THE GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS AND 12 MONTHS ENDED 30 JUNE 2022 (CONTINUED)

FY22 vs FY21

Other operating income for FY2022 of \$38.9 million was mainly:

- (a) Gain on disposal of non-current assets held for sale of \$36.9 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 FY2021 of \$35.6 million was mainly:

- (a) Gain on disposal of property plant and equipment of \$28.4 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 \$1.3 million; and
- (d) Government grants received by certain subsidiaries of \$0.5 million due to certain governments' measures to help reduce financial burden of businesses during the pandemic period.

(3) Personnel expenses

Increase in personnel expenses for Q4 FY2022 and FY2022 was mainly due to increase in average staff salaries and social insurance contribution rate in PRC as governed by the Authority.

(4) Other operating expenses

4Q FY22 vs 4Q FY21

Increase in other operating expenses from \$11.1 million for Q4 FY2021 to \$19.7 million for Q4 FY2022 was due to:

- (a) Higher marketing expenses in Q4 FY2022 in tandem with the increase in student numbers for some of the Group's education institutions;
- (b) Higher loss on disposal on investment properties during the Q4 FY2022; and
- (c) Higher provision of estimated expenses payable upon receipt of sale proceeds of LOIT in FY2022.

FY22 vs FY21

Increase in other operating expenses from \$33.3 million for FY2021 to \$47.8 million for FY2022 was 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 FY2022 in tandem with the increase in student numbers for some of the Group's education institutions.

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

COMMENTARY ON THE GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS AND 12 MONTHS ENDED 30 JUNE 2022 (CONTINUED)

(4) Other operating expenses

FY22 vs FY21

(c) Higher provision of estimated expenses payable upon receipt of sale proceeds of LOIT in FY2022;

(d) Higher loss on disposal on investment properties in FY2022;

(e) Higher professional fees incurred in FY2022; and

(f) Increase in scholarship expense by Wanbo and Tianjin University of Commerce Boustead College ("Boustead College").

(5) Finance costs

4Q FY22 vs 4Q FY21

Decrease in finance cost from \$6.6 million for Q4 FY2021 to \$4.4 million for Q4 FY2022 was mainly due to reversal of Raffles Assets (Thailand) Limited ("RATH") accrued default interest in FY22 and repayment of Affin Bank borrowings by Raffles K12 Sdn Bhd ("RK12") in Q4 FY2022.

FY22 vs FY21

Increase in finance cost from \$17.9 million for FY2021 to \$19.7 million for FY2022 was mainly due to higher interest expenses incurred by OUCHK for additional borrowings, default interest incurred by RK12 and Raffles Iskandar Sdn Bhd ("RU").

(6) Depreciation and amortisation expenses

4Q FY22 vs 4Q FY21

Increase in depreciation and amortisation expenses from \$4.5 million for Q4 FY2021 to \$5.5 million for Q4 FY2022 was mainly due to additions of property, plant and equipment of Wanbo's new campus.

	3 months ended 30/06/22 \$'000	3 months ended 30/06/21 \$'000
Depreciation expenses for property, plant and equipment	4,916	4,156
Depreciation expenses for right-of-use assets	538	310
Amortisation expenses for intangible assets	92	82
Total depreciation and amortisation expenses	5,546	4,548

FY22 vs FY21

Increase in depreciation and amortisation expenses from \$18.2 million for FY2021 to \$20.0 million for FY2022 mainly due to additions of property, plant and equipment of Wanbo's new campus during the year and acquisition of fixed assets arising from the acquisition of Hezhong.

	12 months ended 30/06/22 \$'000	12 months ended 30/06/21 \$'000
Depreciation expenses for property, plant and equipment	18,115	16,269
Depreciation expenses for right-of-use assets	1,502	1,595
Amortisation expenses for intangible assets	333	345
Total depreciation and amortisation expenses	19,950	18,209

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

COMMENTARY ON THE GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS AND 12 MONTHS ENDED 30 JUNE 2022 (CONTINUED)

(7) Reversal of impairment in associates

A reversal of impairment loss in an associate, Axiom Properties Limited, of \$1.4 million was recognised in Q4 FY2021. This reversal is mainly due to an increase in its fair value less cost of disposal as at 30 June 2021.

(8) Fair value gain on investment properties

Fair value gain on investment properties of \$11.6 million for Q4 FY2022 and 12 months ended 30 June 2022 were mainly attributable to the revaluation of investment properties in OUCHK and Raffles Assets (Private) Limited, Sri Lanka ("RUSL").

(9) Share of results of joint ventures

Increase in share results of joint ventures in FY2022 was mainly due to the waiver of consultancy fee amounting to \$6.4 million payable by Value Vantage Pte. Ltd ("VVPL"). The Group owns 50% of VVPL.

(10) Income tax & deferred tax expenses

Q4 FY22 vs Q4 FY21

Higher income tax & deferred tax net expense for Q4 FY2021 was mainly due to recognition of deferred tax expense arising from gain on disposal of HLST's land and buildings.

FY22 vs FY21

Higher income tax & deferred tax net expense for FY2022 million was mainly due to recognition of income tax expense by Wanbo arising from gain on disposal of land and buildings and recognition of deferred tax expense by RUSL arising from fair value gain on investment properties.

(11) Currency translation differences

Currency translation differences, for Q4 FY2022 and 12 months ended 30 June 2022 of \$24.2 million loss and \$6.1 million loss respectively, arose from the consolidation of foreign operations mainly from the translation of net assets values of OUCHK, Oriental University City (Cayman) Limited ("OUCCY"), Boustead College and RUSL.

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

COMMENTARY ON THE GROUP STATEMENT OF FINANCIAL POSITION (AS AT 30 JUNE 2022 AND 30 JUNE 2021)

- (12) Increase in property, plant and equipment (“PPE”) from \$598.3 million in FY2021 to \$ 602.8 million in FY2022 was mainly due to:
- (a) Additions to property, plant and equipment of \$27.4 million mainly attributable by Wanbo’s new campus;
- Offset by:
- (b) Depreciation charge during the year of \$18.1 million;
 - (c) Foreign currency translation movement of \$4.6 million.
- (13) Decrease in right-of-use assets (“ROU”) from \$4.5 million in FY2021 to \$2.3 million in FY2022 was mainly due to cancellation of lease contracts of \$0.9 million and depreciation charge of \$1.5 million during the year.
- (14) Increase in investment properties from \$433.9 million in FY2021 to \$435.1 million in FY2022 was mainly due to:
- (a) Fair value gain on investment properties of \$11.6 million;
 - (b) Additions to investment properties of \$0.9 million;
- Offset by:
- (c) Sales of investment properties of \$3.3 million;
 - (d) Foreign currency translation movement of \$8.0 million.
- (15) Decrease in joint venture was mainly due to dividend income from Value Vantage Pte Ltd (“VVPL”) which was offset with the amount due to VVPL.
- (16) Decrease in investment in associate from \$6.1 million in FY2021 to \$3.7 million in FY2022 was mainly due to return of capital from an associate, Axiom Properties Limited, of \$3.3 million.
- (17) Increase in intangible assets from \$111.2 million in FY2021 to \$112.2 million in FY2022 was mainly due to capitalisation of university college license by Raffles Assets (Thailand) Limited (“RATH”), of \$1.9 million and currency translation of intangible assets.
- (18) Increase in non-current other receivables from \$4.1 million in FY2021 to \$4.7 million in FY2022 was mainly due to progressive payments for the acquisition of investment properties in Mongolia by OUCHK.

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

COMMENTARY ON THE GROUP STATEMENT OF FINANCIAL POSITION (AS AT 30 JUNE 2022 AND 30 JUNE 2021) (continued)

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

	30/06/22 \$'000	30/06/21 \$'000
Current trade receivables:		
Third parties, (net)	3,904	9,495
Current other receivables:		
Third parties ^(a)	3,037	1,622
Receivable from disposal of subsidiary ^(b)	15,362	57,047
Prepayments ^(c)	3,867	10,499
Deposits	5,372	6,730
Joint ventures	20,676	21,138
Tax recoverable	59	59
Others	313	289
	48,686	97,384
Total current trade and other receivables	52,590	106,879

(a) Included an amount owing from third parties in FY2022 was a receivable from sale of investment properties of \$1.6 million.

(b) The Group received partial payment of RMB 200 million (\$42.8 million) from the sale of LOIT. The Group expect to receive the remainder balance of RMB 74 million (\$15.4 million) by 30 September 2022.

(c) Decrease in prepayment is mainly due to capitalisation of property, plant and equipment of \$4.6 million by Wanbo Institute of Science & Technology ("Wanbo") and university college license by RATH of \$1.9 million.

(20) Non-current assets held for sale relates to the disposal of land and buildings of 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.

	30/06/22 \$'000
Disposal price	58,437
Instalment received in prior year ^(refer F 2.21)	(12,362)
Instalment received during the year ^(refer F 2.32)	(46,075)
Foreign currency translation difference	-
Balance receivable	-

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

COMMENTARY ON THE GROUP STATEMENT OF FINANCIAL POSITION (AS AT 30 JUNE 2022 AND 30 JUNE 2021) (continued)

(21) Current trade and other payables breakdown as follows:

	30/06/22 \$'000	30/06/21 \$'000
Current trade payables:		
Third parties	4,341	3,389
Current other payables:		
Other accruals ^(a)	15,337	17,777
Accruals for property and land use tax	4,304	3,990
Accruals for business tax ^(b)	5,644	2,530
Accruals for capital expenditure ^(c)	7,473	9,441
Amount due to joint venture ^(d)	162	6,777
Amount due to a Director	4,543	10,923
Payable for purchase of Campus Facilities by BC	6,912	6,618
Payable for acquisition of 35.9% equity interest in Hezhong	1,263	1,266
Advance receipt from disposal of non-current asset held for sale ^(refer F 2.20)	-	12,084
Other payables ^(e)	10,893	12,150
	56,531	83,556
Total current trade and other payables	60,872	86,945

(a) Decrease in other accruals was mainly due to repayment of accrued interest.

(b) Increase in accruals for business tax was mainly due to provision of estimated expenses payable upon the receipt of proceeds from the sale of LOIT in FY2022.

(c) Decrease in accruals for capital expenditure was mainly due to payments to contractors.

(d) Decrease in joint venture was mainly due to dividend income from Value Vantage Pte Ltd ("VVPL").

(e) Decrease in other payables is mainly due to payments made to a creditor of \$3.5 million. The decrease in other payables was offset by increase in student scholarship and bursary received by Wanbo from the government of \$1.3 million which will be disbursed to students.

(22) Increase in course fee received in advance from \$13.8 million in FY2021 to \$25.8 million in FY2022 is mainly due to annual fee collections from students in Wanbo and RATH. This deferred income will be recognised as revenue in FY2023.

(23) Increase in education facilities rental service fees received in advance from \$1.1 million in FY2021 to \$2.5 million in FY2022 is mainly due to annual education facilities rental fees from third party colleges in Oriental University Holdings (H.K.) Limited. This deferred income will be recognised as revenue in FY2023.

(24) Increase in income tax payables from \$10.5 million in FY2021 to \$19.9 million in FY2022 was mainly due to recognition of income tax expenses by Wanbo arising from gain on disposal of land and buildings.

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

COMMENTARY ON THE GROUP STATEMENT OF FINANCIAL POSITION (AS AT 30 JUNE 2022 AND 30 JUNE 2021) (continued)

(25) Decrease in current borrowings from \$299.2 million in FY2021 to \$166.4 million in FY2022 was mainly due to repayment of borrowings and reclassification of certain current borrowings to non-current borrowings during the year arising mainly from settlement terms with Affin Bank.

Decrease in total borrowings from \$391.4 million in FY2021 to \$301.2 million in FY2022 was mainly due to repayment of borrowings during the year.

(26) Decrease in lease liabilities from \$4.6 million in FY2021 to \$2.3 million in FY2022 is mainly due to cancellation of lease contracts and lease repayments during the year.

(27) Net current liabilities as at 30 Jun 2022 was mainly as a result of:

(a) A mortgage borrowing of \$98.6 million by Raffles Assets (Singapore) Pte Ltd is classified as current borrowings as this mortgage is only due for refinancing in May 2023;

(b) Overdraft facilities of \$11.5 million that were classified as current but these overdraft facilities will be continuing; and

(c) Course fees received in advance of \$25.8 million and education facilities rental service fees received in advance of \$2.5 million which will be recognised as revenue in FY2023.

(28) Decrease in non-current trade and other payables from \$16.1 million in FY2021 to \$13.6 million in FY2022 was mainly due to instalment payment of RMB35 million (\$7.5 million) to Hongda for the purchase of Campus Facilities by Boustead College. This decrease was offset by provision of estimated expenses payable upon the receipt of proceeds from the sale of LOIT in FY2022.

(29) Deferred tax liabilities breakdown for 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 July 2021	2,502	41,015	30,895	(61)	74,351
(Credited)/Charged to profit or loss	(108)	5,247	(211)	(13)	4,915
Transfer to income tax payable	-	-	(8,009)	-	(8,009)
Foreign currency realignment	(15)	(743)	40	1	(717)
Balance at 30 June 2022	2,379	45,519	22,715	(73)	70,540

(30) Non-controlling interests as at 30 June 2022 represent mainly the non-controlling shareholders' equity interests in Oriental University Holdings (H.K.) Limited.

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

COMMENTARY ON THE GROUP STATEMENT OF CASHFLOWS

(31) Net cash from operating activities amounted to \$15.6 million.

(32) Major contributors of cash inflows were:

- (a) Subsequent payment received from disposal of subsidiary (LOIT) of \$42.2 million;
- (b) Proceeds from disposal of non-current assets held for sale of \$46.1 million;
- (c) Redemption of pledged deposit with a bank of \$29.6 million; and
- (d) Drawdown of bank borrowings of \$11.2 million;

(33) Major cash outflows were for:

- (a) Payments for property, plant and equipment of \$32.5 million;
- (b) Repayment to a director of \$6.4 million; and
- (c) Repayment of bank borrowings of \$99.6 million.

(34) The Group's cash position was \$37.4 million at the end of FY2022 (FY2021: \$29.5 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 10 of the Group's results announcement for the financial period ended 31 March 2022.

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 certain locations we operate in, is impacting 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.

Increasing interest rate environment will increase our cost of borrowing.

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 improve 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/recommended, a statement to that effect and the reason(s) for the decision

No dividend has been declared for the current financial period as the Company does not have accumulative profits to declare dividend under Singapore Companies Act.

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)

Not Applicable.

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.

11 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Doris Chung Gim Lian	53	Spouse of Mr. Chew Hua Seng, Chairman and CEO of Raffles Education Corporation Limited ("REC")	Executive Director since 1 st September 2018	Nil
Chew Han Wei	32	Son of Mr. Chew Hua Seng, Chairman and CEO of REC	Vice President (Europe & India Operations since 1 st Dec 2017)	Prior position: Director of IT since 1st May 2018
Chew Han Qiang	29	Son of Mr. Chew Hua Seng, Chairman and CEO of REC	Vice President (Thailand & Suzhou) since 1 st Nov 2019	Nil

BY ORDER OF THE BOARD

Chew Hua Seng
Chairman
23 August 2022