

RAFFLES EDUCATION CORPORATION LIMITED

Company registration Number: 199400712N

FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE THREE MONTHS AND NINE MONTHS ENDED 31 MARCH 2022

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 31/03/22 \$'000	3 months ended 31/03/21 \$'000	Change %	9 months ended 31/03/22 \$'000	9 months ended 31/03/21 \$'000	Change %
Revenue	F 2.1	26,704	24,895	7	79,916	73,322	9
Other operating income	F 2.2	83	982	(92)	38,527	36,339	6
Personnel expenses	F 2.3	(10,817)	(10,306)	5	(31,180)	(29,801)	5
Other operating expenses	F 2.4	(8,078)	(7,175)	13	(28,019)	(22,159)	26
Finance costs	F 2.5	(4,208)	(4,558)	(8)	(15,316)	(11,300)	36
Depreciation and amortisation expenses	F 2.6	(4,765)	(4,800)	(1)	(14,404)	(13,661)	5
Fair value gain on investment properties	F 2.7	-	-	NM	-	9,477	NM
Share of results of joint ventures	F 2.8	3,212	125	NM	3,331	2,791	19
Share of results of associates		(174)	430	(140)	825	1,104	(25)
Operating profit/(loss) before income tax		1,957	(407)	(581)	33,680	46,112	(27)
Foreign exchange gain		2,081	283	636	2,766	1,858	49
Foreign exchange loss		(2,558)	(3,894)	(34)	(12,407)	(11,574)	7
Profit/(loss) before income tax		1,480	(4,018)	(137)	24,039	36,396	(34)
Income tax expense	F 2.9	(1,078)	(306)	NM	(3,745)	(486)	NM
Deferred tax expense	F 2.9	674	31	NM	(11,523)	(2,594)	NM
Net profit/(loss) after tax		1,076	(4,293)	(125)	8,771	33,316	(74)
Net profit attributable to:							
Equity holders of the Company		1,546	(2,667)	(158)	10,263	33,036	(69)
Non-controlling interests		(470)	(1,626)	NM	(1,492)	280	NM
Net profit/(loss) after tax		1,076	(4,293)	(125)	8,771	33,316	(74)
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	(7,128)	9,061	NM	18,153	35,061	(48)
Total comprehensive income		(6,052)	4,768	(227)	26,924	68,377	(61)
Total comprehensive income attributable to:							
Equity holders of the Company		(5,048)	5,259	(196)	25,901	64,471	(60)
Non-controlling interests		(1,004)	(491)	104	1,023	3,906	(633)
Total comprehensive income		(6,052)	4,768	(227)	26,924	68,377	(61)
Earnings per share for profit for the period/year attributable to the owners of the Company during the period:							
Basic (cents)		0.11	(0.19)		0.74	2.40	
Diluted (cents)		0.11	(0.19)		0.74	2.40	

NM – Not meaningful

Condensed Interim Statements of Financial Position

UNAUDITED STATEMENTS OF FINANCIAL POSITION	Note (Page 25 - 27)	Group		Company	
		31 Mar 2022 \$'000	30 Jun 2021 \$'000	31 Mar 2022 \$'000	30 Jun 2021 \$'000
Non-current assets					
Property, plant and equipment	F 2.11	613,241	598,286	13	9
Right-of-use assets		3,567	4,541	-	-
Investment properties		438,414	433,873	-	-
Investment in subsidiaries		-	-	443,150	442,737
Investment in joint ventures	F 2.12	218	3,712	-	-
Investment in associates	F 2.13	3,766	6,079	-	-
Intangible assets	F 2.14	115,223	111,155	94	97
Deferred tax assets		1,324	1,381	-	-
Other receivables	F 2.15	4,836	4,068	44,674	35,987
Restricted bank balances		2,186	2,043	-	-
		1,182,775	1,165,138	487,931	478,830
Current assets					
Inventories		69	81	-	-
Trade and other receivables	F 2.16	82,614	106,879	255,799	216,531
Cash and bank balances		46,886	84,929	124	493
		129,569	191,889	255,923	217,024
Non-current assets held for sale	F 2.17	-	25,303	-	-
		129,569	217,192	255,923	217,024
Less:					
Current liabilities					
Trade and other payables	F 2.18	63,711	86,945	371,227	277,988
Course fees received in advance	F 2.19	25,064	13,756	-	-
Education facilities rental service fees received in advance	F 2.20	2,157	1,129	-	-
Income tax payable	F 2.21	6,273	10,486	51	51
Borrowings	F 2.22	217,028	299,197	49	35,738
Lease liabilities		1,950	2,112	-	-
		316,183	413,625	371,327	313,777
Net current liabilities	F 2.23	(186,614)	(196,433)	(115,404)	(96,753)
Less:					
Non-current liabilities					
Trade and other payables	F 2.24	10,938	16,133	-	-
Borrowings	F 2.22	85,820	92,175	21,233	21,185
Lease liabilities		1,704	2,529	-	-
Deferred tax liabilities	F 2.25	87,258	74,351	-	-
		185,720	185,188	21,233	21,185
Net assets		810,441	783,517	351,294	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		182,627	156,726	(163,360)	(153,762)
Equity attributable to equity holders of the Company		697,281	671,380	351,294	360,892
Non-controlling interests		113,160	112,137	-	-
Total equity		810,441	783,517	351,294	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	-	-	-	25,901	25,901	1,023	26,924
Balance at 31 Mar 2022	554,337	(39,683)	2,642	179,985	697,281	113,160	810,441
FY2021							
Balance at 1 Jul 2020	554,337	(39,683)	2,632	100,525	617,811	63,771	681,582
Total comprehensive income	-	-	-	64,471	64,471	3,906	68,377
Share-based payment	-	-	10	-	10	-	10
Acquisition of subsidiary with non-controlling interest	-	-	-	-	-	43,628	43,628
Balance at 31 Mar 2021	554,337	(39,683)	2,642	164,996	682,292	111,305	793,597

COMPANY	Share Capital	Treasury Shares	Share-based Payment Reserve	Accumulated Losses	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000
FY2022					
Balance at 1 Jul 2021	554,337	(39,683)	2,642	(156,404)	360,892
Total comprehensive loss	-	-	-	(9,598)	(9,598)
Balance at 31 Mar 2022	554,337	(39,683)	2,642	(166,002)	351,294
FY2021					
Balance at 1 Jul 2020	554,337	(39,683)	2,632	(129,547)	387,739
Total comprehensive loss	-	-	-	(9,248)	(9,248)
Share-based payment	-	-	10	-	10
Balance at 31 Mar 2021	554,337	(39,683)	2,642	(138,795)	378,501

Condensed Interim Consolidated Statement of Cash Flows

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS	Note (Page 28)	9 months ended 31 Mar 2022 \$'000	9 months ended 31 Mar 2021 \$'000
Operating activities			
Profit before income tax		24,039	36,396
Adjustments for:			
Amortisation of intangible assets		241	263
Amortisation for right-of-use assets		964	1,285
Loss allowance / (reversal of loss allowance) on trade receivables		19	(9)
Bad trade receivables written off		354	358
Bargain purchase on acquisition of subsidiary		-	(3,257)
Depreciation for property, plant and equipment		13,199	12,113
Fair value gain on investment properties		-	(9,477)
Finance costs		15,316	11,300
Gain on lease modification		(9)	(122)
Interest income		(212)	(1,179)
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)
Property, plant and equipment written off		-	1
Write back of accrued capital expenditure		-	(1,724)
Share-based payment		-	10
Share of results of joint ventures		(3,331)	(2,791)
Share of results of associates		(825)	(1,104)
Unrealised foreign exchange loss		8,936	8,693
Operating cash flows before working capital changes		21,506	22,662
Working capital changes:			
Trade and other receivables		(4,964)	(7,411)
Inventories		12	19
Course fees received in advance		10,894	7,314
Education facilities rental service received in advance		986	524
Trade and other payables		8,491	2,671
Cash generated from operations		36,925	25,779
Interest paid		(14,880)	(7,112)
Interest received		212	504
Income and withholding taxes paid		(7,842)	(810)
Net cash from operating activities	F 2.26	14,415	18,361
Investing activities			
Additions for development cost and computer software		(26)	-
Additions of trademarks and licenses		-	(2)
Additions of investment properties		(2,083)	(1,563)
Advance payment for construction projects		-	(7,066)
Acquisition of a subsidiary, net of cash acquired		-	(50,612)
Compensation received in advance		-	43,956
Payments for property, plant and equipment	F 2.28	(29,264)	(15,409)
Proceeds from disposal of non-current assets held for sale	F 2.27	27,644	-
Proceeds from disposal of subsidiary	F 2.27	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		41,823	(30,667)

Condensed Interim Consolidated Statement of Cash Flows (continued)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS	Note	9 months ended 31 Mar 2022 \$'000	9 months ended 31 Mar 2021 \$'000
Cash flows from financing activities			
(Increase)/Decrease in restricted bank balances		(146)	1,721
Decrease/(Increase) in fixed deposit pledged	F 2.27	29,460	(23,993)
Repayment of loan to a director - net	F 2.28	(5,755)	(5,564)
Drawdown of bank borrowings	F 2.27	8,150	70,454
Repayment of bank borrowings	F 2.28	(97,109)	(13,072)
Interest paid on leases		(121)	(205)
Repayment of obligation under leases		(972)	(1,141)
Net cash (used in) / generated from financing activities		(66,493)	28,200
Net change in cash and cash equivalents		(10,255)	15,894
Cash and cash equivalents at beginning of financial period		29,527	8,197
Effect of exchange rate changes on cash and cash equivalents		823	866
Cash and cash equivalents at end of financial period – Note A	F 2.29	20,095	24,957

Note A:

	Note	9 months ended 31 Mar 2022 \$'000	9 months ended 31 Mar 2021 \$'000
Cash and cash equivalents			
<u>Current</u>			
Fixed deposits with banks		26,791	51,835
Cash and bank balances		20,095	24,957
<u>Non-current</u>			
Restricted bank balances		2,186	2,014
Cash and bank balances in the statement of financial position		49,072	78,806
Less: pledged deposits and restricted bank balances		(28,977)	(53,849)
Cash and cash equivalents in the statement of cash flow	F 2.29	20,095	24,957

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 nine months ended 31 March 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 31 March 2022, the Group's and the Company's current liabilities exceeded its current assets by \$186.6 million and \$115.4 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 on 23rd August 2021. The Group has repaid the Settlement Amount of RM138.2 million (approx. SGD 44.8million) payable from June 2021 to March 2022 as at 27 December 2021. The Group continues to be in discussion with Affin Bank on the settlement of the balance outstanding debts owed by the Borrowers under the previous Affin Bank Facilities. The Company expects a response from Affin Bank after 15 May 2022.
- (ii) The group is expected to collect the balance of RMB 86.5million (approx. SGD 18.4 million), from the disposal of land and buildings of Wanbo Institute of Science & Technology's ("WIST") in May 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 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:

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

2 Basis of Preparation (continued)

Going Concern (continued)

- (v) 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;
- (vi) The Group's ability to refinance its existing borrowings when necessary with other banks;
- (vii) 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: and
- (viii) The company has the ability to tap funds from its shareholders and the capital markets.

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 Mar 2022				
	Education	Education Facilities Rental Service	Education Real Estate Investment & Development	Corporate & Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	23,665	2,627	411	1	26,704
Inter-segment revenue	41	330	440	1,534	2,345
Interest income	20	2	1	-	23
Finance cost	(2,751)	(993)	205	(669)	(4,208)
Depreciation and amortisation	(2,705)	(223)	(1,303)	(534)	(4,765)
Share of results from joint ventures	-	-	-	3,212	3,212
Share of results from associates	(3)	(171)	-	-	(174)
Reportable segment profit/(loss) before income tax	1,915	(231)	(1,249)	1,045	1,480
Net profit/(loss) for the financial period	1,882	(239)	(1,602)	1,035	1,076
<u>Other information:</u>					
Additions to property, plant and equipment	6,945	145	-	6	7,096
Additions to intangible assets	1,956	-	-	-	1,956
Investment in joint ventures	-	-	-	218	218
Investment in associates	278	3,488	-	-	3,766
Segment assets	513,356	336,548	211,978	80,859	1,142,741
Segment liabilities	(185,854)	(49,141)	(157,193)	(122,249)	(514,437)

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

4.1 Reportable Segments (continued)

	Group				
	3 months ended 31 Mar 2021				
	Education	Education Facilities Rental Service	Education Real Estate Investment & Development	Corporate & Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	20,939	3,602	352	2	24,895
Inter-segment revenue	42	321	67	1,699	2,129
Interest income	17	2	130	-	149
Finance cost	(2,642)	(1,089)	(60)	(767)	(4,558)
Depreciation and amortisation	(2,780)	(222)	(1,264)	(534)	(4,800)
Share of results from joint ventures	-	-	-	125	125
Share of results from associates	(2)	432	-	-	430
Reportable segment profit/(loss) before income tax	1,104	671	(2,747)	(3,046)	(4,018)
Net profit/(loss) for the financial period	1,100	404	(2,747)	(3,050)	(4,293)
<u>Other information:</u>					
Additions to property, plant and equipment	3,943	1	-	-	3,944
Additions to right-of-use assets	9	-	-	-	9
Investment in joint ventures	-	-	-	3,761	3,761
Investment in associates	298	4,813	-	-	5,111
Segment assets	438,653	323,635	320,020	84,047	1,166,355
Segment liabilities	(231,667)	(55,491)	(33,382)	(162,893)	(483,433)

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

4.1 Reportable Segments (continued)

Group 9 months ended 31 Mar 2022					
	Education	Education Facilities Rental Service	Education Real Estate Investment & Development	Corporate & Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	71,120	7,521	1,274	1	79,916
Inter-segment revenue	99	974	1,014	4,758	6,845
Interest income	108	10	93	1	212
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	(8,994)	(3,196)	(1,007)	(2,119)	(15,316)
Depreciation and amortisation	(8,241)	(669)	(3,893)	(1,601)	(14,404)
Share of results from joint ventures	-	-	-	3,331	3,331
Share of results from associates	(9)	834	-	-	825
Reportable segment profit/(loss) before income tax	44,633	(1,007)	(8,060)	(11,527)	24,039
Net profit/(loss) for the financial period	36,367	(1,031)	(14,993)	(11,572)	8,771
<u>Other information:</u>					
Additions to property, plant and equipment	23,927	284	-	6	24,217
Additions to right-of-use assets	5	-	-	-	5
Additions to investment properties	-	1,386	-	-	1,386
Additions to intangible assets	1,969	-	-	2	1,971
Investment in joint ventures	-	-	-	218	218
Investment in associates	278	3,488	-	-	3,766
Segment assets	513,356	336,548	211,978	80,859	1,142,741
Segment liabilities	(185,854)	(49,141)	(157,193)	(122,249)	(514,437)

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

4.1 Reportable Segments (continued)

Group 9 months ended 31 Mar 2021					
	Education	Education Facilities Rental Service	Education Real Estate Investment & Development	Corporate & Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	62,777	9,301	1,244	-	73,322
Inter-segment revenue	124	849	202	5,211	6,386
Interest income	78	8	1,064	29	1,179
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	(7,041)	(1,708)	(316)	(2,235)	(11,300)
Depreciation and amortisation	(8,745)	(658)	(2,651)	(1,607)	(13,661)
Share of results from joint ventures	-	-	-	2,791	2,791
Share of results from associates	(19)	1,311	(188)	-	1,104
Reportable segment profit/(loss) before income tax	34,658	12,305	(3,311)	(7,256)	36,396
Net profit/(loss) for the financial period	34,750	9,161	(3,323)	(7,272)	33,316
<u>Other information:</u>					
Additions to property, plant and equipment	5,938	138	-	1	6,077
Additions to right-of-use assets	2,577	-	-	-	2,577
Additions to investment properties	-	950	-	-	950
Additions to intangible assets	-	-	-	2	2
Investment in joint ventures	-	-	-	7,397	7,397
Investment in associates	595	9,130	-	-	9,725
Segment assets	438,653	323,635	320,020	84,047	1,166,355
Segment liabilities	(231,667)	(55,491)	(33,382)	(162,893)	(483,433)

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

4.2 Disaggregation of Revenue

Operating Segment

Group
3 months ended 31 Mar 2022

	Education	Education Facilities Rental Service	Education Real Estate Investment & Development	Corporate & Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Course fee	22,162	-	-	-	22,162
Rental income from investment properties	-	2,627	391	1	3,019
Student accommodation fee	829	-	-	-	829
Canteen operation	179	-	-	-	179
Other fees	495	-	20	-	515
Total revenue	23,665	2,627	411	1	26,704

Geographical information

	ASEAN \$'000	North Asia \$'000	South Asia \$'000	Australasia \$'000	Europe \$'000	Total \$'000
Course fee	8,075	13,607	79	-	401	22,162
Rental income from investment properties	1	2,794	-	-	224	3,019
Student accommodation fee	2	827	-	-	-	829
Canteen operation	169	10	-	-	-	179
Other fees	363	136	-	-	16	515
Total revenue	8,610	17,374	79	-	641	26,704

Operating Segment

Group
3 months ended 31 Mar 2021

	Education	Education Facilities Rental Service	Education Real Estate Investment & Development	Corporate & Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Course fee	19,533	-	-	-	19,533
Rental income from investment properties	-	3,602	351	2	3,955
Student accommodation fee	777	-	-	-	777
Canteen operation	177	-	-	-	177
Other fees	452	-	1	-	453
Total revenue	20,939	3,602	352	2	24,895

Geographical information

	ASEAN \$'000	North Asia \$'000	South Asia \$'000	Australasia \$'000	Europe \$'000	Total \$'000
Course fee	7,667	11,250	148	-	468	19,533
Rental income from investment properties	2	3,732	-	-	221	3,955
Student accommodation fee	5	772	-	-	-	777
Canteen operation	147	30	-	-	-	177
Other fees	349	102	1	-	1	453
Total revenue	8,170	15,886	149	-	690	24,895

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

4.2 Disaggregation of Revenue (continued)

Operating Segment

Group
9 months ended 31 Mar 2022

	Education	Education Facilities Rental Service	Education Real Estate Investment & Development	Corporate & Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Course fee	67,061	-	-	-	67,061
Rental income from investment properties	-	7,521	1,250	1	8,772
Student accommodation fee	2,456	-	-	-	2,456
Canteen operation	385	-	-	-	385
Other fees	1,218	-	24	-	1,242
Total revenue	71,120	7,521	1,274	1	79,916

Geographical information

	ASEAN \$'000	North Asia \$'000	South Asia \$'000	Australasia \$'000	Europe \$'000	Total \$'000
Course fee	23,902	40,893	237	-	2,029	67,061
Rental income from investment properties	1	8,097	-	-	674	8,772
Student accommodation fee	6	2,450	-	-	-	2,456
Canteen operation	269	116	-	-	-	385
Other fees	933	286	-	-	23	1,242
Total revenue	25,111	51,842	237	-	2,726	79,916

Operating Segment

Group
9 months ended 31 Mar 2021

	Education	Education Facilities Rental Service	Education Real Estate Investment & Development	Corporate & Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Course fee	58,452	-	-	-	58,452
Rental income from investment properties	-	9,301	1,241	4	10,546
Student accommodation fee	2,307	-	-	-	2,307
Canteen operation	555	-	-	-	555
Other fees	1,463	-	3	(4)	1,462
Total revenue	62,777	9,301	1,244	-	73,322

Geographical information

	ASEAN \$'000	North Asia \$'000	South Asia \$'000	Australasia \$'000	Europe \$'000	Total \$'000
Course fee	23,394	33,064	464	-	1,530	58,452
Rental income from investment properties	5	9,855	-	-	686	10,546
Student accommodation fee	17	2,290	-	-	-	2,307
Canteen operation	451	104	-	-	-	555
Other fees	1,056	385	1	-	20	1,462
Total revenue	24,923	45,698	465	-	2,236	73,322

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

5 Financial assets and financial liabilities

	Group		Company	
	31 Mar 2022	30 Jun 2021	31 Mar 2022	30 Jun 2021
	\$'000	\$'000	\$'000	\$'000
<u>Financial Assets</u>				
Trade and other receivables (excluding prepayments & value added tax recoverable)	81,229	100,389	300,397	252,480
Cash and cash equivalents	49,072	86,972	124	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)	67,359	84,474	364,707	277,988
Borrowings	302,848	391,372	21,282	56,923
Lease liabilities	3,654	4,641	-	-

6 Profit before taxation

	3 months ended	3 months ended	9 months ended	9 months ended
	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
	\$'000	\$'000	\$'000	\$'000
<u>Included in Other Operating Income</u>				
Net bargain purchase on acquisition of subsidiary	-	-	-	3,257
Interest income	24	148	212	1,179
Government grant	22	34	799	291
Gain on disposal of property, plant and equipment	-	-	1	4
Gain on disposal of non-current assets held for sale	-	-	37,184	28,090
Reversal of loss allowance on trade receivables	-	-	-	9
<u>Included in Other Operating Expenses</u>				
Loss allowance on trade receivables	(17)	-	(19)	-
Bad trade receivables written off	(9)	(191)	(354)	(358)
Lease expenses	(70)	(19)	(111)	(101)
Property, plant and equipment written off	-	(1)	-	(1)
<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 Mar 2022 \$'000	3 months ended 31 Mar 2021 \$'000	9 months ended 31 Mar 2022 \$'000	9 months ended 31 Mar 2021 \$'000
Profit/(loss) after tax	1,076	(4,293)	8,771	33,316
<u>Add/(less):</u>				
Net bargain purchase on acquisition of subsidiary	-	-	-	(3,257)
Government grant	(22)	(34)	(799)	(291)
Finance costs	4,208	4,558	15,316	11,300
Net income tax and deferred tax expense	404	275	15,268	3,080
Depreciation and amortisation	4,765	4,800	14,404	13,661
Property, plant and equipment written off	-	1	-	1
Net foreign exchange loss	477	3,611	9,641	9,716
Net gain on disposal of property, plant and equipment	-	-	(1)	(4)
Net gain on disposal of non-current assets held for sale	-	-	(37,184)	(28,090)
Adjusted EBITDA	10,908	8,918	25,416	39,432

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 Mar 2022 \$'000	3 months ended 31 Mar 2021 \$'000	9 months ended 31 Mar 2022 \$'000	9 months ended 31 Mar 2021 \$'000
<u>Income tax expense</u>				
Current financial period	(698)	(298)	(3,357)	(453)
Under provision of income tax expense in prior financial periods	(380)	(8)	(388)	(33)
<u>Deferred tax expense</u>				
Current financial period	674	31	(11,529)	(2,694)
Overprovision of income tax expense in prior financial periods	-	-	6	100

8 Net asset value

	Group		Company	
	As at 31 Mar 2022 \$	As at 30 Jun 2021 \$	As at 31 Mar 2022 \$	As at 30 Jun 2021 \$
Net asset value per ordinary share (cents)	50.58	48.70	25.48	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 Mar 2022 (30 Jun 2021: 1,378,656,672).

9 Property, plant and equipment

During the period, the Group acquired assets amounting to \$24,216,893 (31 March 2021: \$6,077,441) and disposal assets amounting to \$342 (31 March 2021: \$3,816,014).

10 Investment Properties

	Group	
	31 Mar 2022 \$'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	3,155	14,302
Balance at end of financial period/year	438,414	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	-	1,945	22	4	1,971
Currency translation differences	2,446	(108)	(36)	-	2,302
At 31 Mar 2022	112,931	2,413	3,109	119	118,572
Accumulated amortisation & impairment					
At 1 Jul 2021	-	(241)	(2,824)	(79)	(3,144)
Amortisation	-	(58)	(173)	(10)	(241)
Currency translation differences	-	4	32	-	36
At 31 Mar 2022	-	(295)	(2,965)	(89)	(3,349)
Carrying amount at 31 Mar 2022	112,931	2,118	144	30	115,223
Company					
		Trademarks & licenses \$'000	Computer software \$'000	Total \$'000	
Cost					
At 1 Jul 2021		228	48		276
Additions		-	4		4
At 31 Mar 2022		228	52		280
Accumulated amortisation & impairment					
At 1 Jul 2021		(165)	(14)		(179)
Amortisation		-	(7)		(7)
At 31 Mar 2022		(165)	(21)		(186)
Carrying amount at 31 Mar 2022		63	31		94

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

12 Borrowings

	Group	
	31 Mar 2022 \$'000	30 Jun 2021 \$'000
<u>Amount repayable in one year or less, or on demand:</u>		
Secured ^{1, 2, 3}	216,979	293,388
Unsecured	49	5,809
	217,028	299,197
<u>Amount repayable after one year:</u>		
Secured ^{1, 2, 3}	85,182	91,537
Unsecured	638	638
	85,820	92,175
Total borrowings	302,848	391,372
REC Group (exclude OUCHK Group, Hong Kong GEM listed)	252,514	332,675
OUCHK Group (75% owned by REC)	50,334	58,697
Total borrowings	302,848	391,372

Details of securities

- 1 Property mortgage loans of \$254,978,750.
- 2 Bank borrowings of \$20,594,429 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 \$26,790,897.
- 3 Bank borrowings of \$15,250,645 were secured by certain properties in Switzerland and restricted bank balances of \$ 2,040,220.

13 Share Capital

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

As at 31 March 2022, there were 79,790,100 treasury shares (30 June 2021: 79,790,100).

As at 31 March 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 31 March 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 3-month and/or 9-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 9 MONTHS ENDED 31 MARCH 2022

(1) Revenue

Q3 FY22 vs Q3 FY21

Increase in revenue from \$24.9 million for Q3 FY2021 to \$26.7 million for Q3 FY2022 was mainly due to:

- (a) Revenue from colleges in People's Republic of China ("PRC") and ASEAN college increased by \$2.4 million and \$0.4 million from \$12.0 million and \$8.2 million for Q3 FY2021 to \$14.4 million and \$8.6 million for Q3 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 \$1.0 million from \$3.6 million for Q3 FY2021 to \$2.6 million for Q3 FY2022 mainly due to the reduction of leased space and leased period for education facilities leased out to colleges, education institutions, training centres and educational corporate entities ("Education Institutions") in Langfang City, the PRC.

9M FY22 vs 9M FY21

Increase in revenue from \$73.3 million for 9 months FY2021 to \$79.9 million for 9 months FY2022 was mainly due to:

- (a) Revenue from colleges in PRC increased by \$7.8 million from \$35.4 million for 9 months FY2021 to \$43.2 million for 9 months FY2022 due to significantly higher student enrolments. The students' number in PRC has grown up by 30% from comparative period.

Offset by:

- (b) Revenue from the leasing of education facilities of OUCHK decreased by \$1.8 million from \$9.3 million for 9 months FY2021 to \$7.5 million for 9 months 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.

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

COMMENTARY ON THE GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE 3 MONTHS AND 9 MONTHS ENDED 31 MARCH 2022 (CONTINUED)

(2) Other operating income

Q3 FY22 vs Q3 FY21

Decrease in other operating income from \$1.0 million for Q3 FY2021 to \$0.1 million for Q3 FY2022 was mainly due to the absence 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.

9M FY22 vs 9M FY21

Other operating income for 9 months FY2022 of \$38.5 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 9 months FY2021 of \$36.3 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 \$1.2 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

Q3 FY22 vs Q3 FY21

Increase in personnel expenses from \$10.3 million for Q3 FY2021 to \$10.8 million for Q3 FY2022 was mainly due to increase in average staff salaries in Wanbo and social insurance contribution rate in PRC as governed by the Authority.

9M FY22 vs 9M FY21

Increase in personnel expenses from \$29.8 million for 9 months FY2021 to \$31.2 million for 9 months FY2022 was mainly due to increase in average staff salaries in Wanbo and social insurance contribution rate in PRC as governed by the Authority.

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

COMMENTARY ON THE GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE 3 MONTHS AND 9 MONTHS ENDED 31 MARCH 2022 (CONTINUED)

(4) Other operating expenses

Q3 FY22 vs Q3 FY21

Increase in other operating expenses from \$7.2 million for Q3 FY2021 to \$8.1 million for Q3 FY2022 was mainly due to:

- (a) Higher marketing expenses in Q3 FY2022 were in tandem with the increase in student numbers for some of the Group's education institutions;
- (b) Higher professional fees incurred during the Q3 FY2022; and
- (c) Increase in scholarship expense by Wanbo.

9M FY22 vs 9M FY21

Increase in other operating expenses from \$22.2 million for 9 months FY2021 to \$28.0 million for 9 months 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 9 months FY2022 were in tandem with the increase in student numbers 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 9 months FY2022.
- (d) Higher professional fees incurred during the 9 months FY2022; and
- (e) Increase in scholarship expense by Wanbo and Tianjin University of Commerce Boustead College ("Boustead College").

(5) Finance costs

Q3 FY22 vs Q3 FY21

Decrease in finance costs from \$4.6 million for Q3 FY2021 to \$4.2 million for Q3 FY2022 was mainly due to reversal of over-provision of interest charged on outstanding capital gain tax liabilities arising from disposal of investment property in Parramatta, New South Wales, Australia.

9M FY22 vs 9M FY21

Increase in finance costs from \$11.3 million for 9 months FY2021 to \$15.3 million for 9 months 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").

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

COMMENTARY ON THE GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE 3 MONTHS AND 9 MONTHS ENDED 31 MARCH 2022 (CONTINUED)

(6) Depreciation and amortisation expenses

9M FY22 vs 9M FY21

Increase in depreciation and amortisation expenses from \$13.7 million for 9 months FY2021 to \$14.4 million for 9 months FY2022 was mainly due to additions of fixed assets arising from the acquisition of Hezhong since the beginning of 2nd quarter of FY2021.

	9 months ended 31/03/22 \$'000	9 months ended 31/03/21 \$'000
Depreciation expenses for property, plant and equipment	13,199	12,113
Depreciation expenses for right-of-use assets	964	1,285
Amortisation expenses for intangible assets	241	263
Total depreciation and amortisation expenses	14,404	13,661

(7) Fair value gain on investment properties

Fair value gain on investment properties of \$9.5 million recognized in 9 months FY2021 was wholly attributable to the revaluation of investment properties in OUCHK.

(8) Share of results of joint ventures

Increase in share results of joint ventures in Q3 FY2022 was mainly due to the waiver by Mr Ding Fu Ru of consultancy fee amounting to \$6.4 million payable by Value Vantage Pte. Ltd ("VVPL") to Mr Ding. The Group owns 50% of VVPL.

(9) Income tax & deferred tax expenses

Q3 FY22 vs Q3 FY21

Increase in income tax & deferred tax net expense from \$0.3 million for Q3 FY2021 to \$0.4 million for Q3 FY2022 was mainly due to under-provision of capital gain tax arising from disposal of investment property in Parramatta, New South Wales, Australia.

9M FY22 vs 9M FY21

Increase in income tax & deferred tax net expense from \$3.1 million for 9 months FY2021 to \$15.3 million for 9 months 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 9 months FY2022.

(10) Currency translation differences

Currency translation differences, for Q3 FY2022 and 9 months FY2022 of \$7.1 million loss and \$18.2 million gain 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 Wanbo.

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

COMMENTARY ON THE GROUP STATEMENT OF FINANCIAL POSITION (AS AT 31 MARCH 2022 AND 30 JUNE 2021)

(11) Increase in property, plant and equipment ("PPE") from \$598.3 million in FY2021 ("ended 30 June 2021" to \$613.2 million in 9 months FY2022 ("ended 31 March 2022") was mainly due to:

- (a) Additions to property, plant and equipment of \$24.2 million; and
- (b) Foreign currency translation movement of \$2.8 million.

Offset by:

- (c) Depreciation charge for property, plant and equipment amounting to \$13.2 million.

(12) 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.

(13) Decrease in investment in associate from \$6.1 million in FY2021 to \$3.8 million in 9 months FY2022 was mainly due to return of capital from an associate, Axiom Properties Limited, of \$3.3 million.

(14) Increase in intangible assets from \$111.2 million in FY2021 to \$115.2 million in 9 months 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.

(15) Increase in other receivables from \$4.1 million in FY2021 to \$4.8 million in 9 months FY2022 was mainly due to progressive payments for the acquisition of investment properties in Mongolia by OUCHK.

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

	31/03/22 \$'000	30/06/21 \$'000
Current trade receivables:		
Third parties, (net)	13,086	9,495
Current other receivables:		
Third parties	1,058	1,622
Receivable from disposal of subsidiary ^(a)	15,763	57,047
Receivable from disposal of non-current asset held for sale (refer F 2.17)	18,433	-
Prepayments ^(b)	6,178	10,499
Deposits	6,900	6,730
Joint ventures	20,860	21,138
Tax recoverable	43	59
Others	293	289
	69,528	97,384
Total current trade and other receivables	82,614	106,879

(a) In 9 months 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 (\$15.8 million) by 30 September 2022.

(b) Decrease in prepayment is mainly due to capitalisation of property, plant and equipment of \$3.0 million by Wanbo and university college license by RATH of \$1.9 million.

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

COMMENTARY ON THE GROUP STATEMENT OF FINANCIAL POSITION (AS AT 31 MARCH 2022 AND 30 JUNE 2021) (CONTINUED)

- (17) 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.

	31/03/22 \$'000
Disposal price	58,437
Instalment received in prior year (refer F 2.18)	(12,362)
Instalment received during 1 st half FY 22 (refer F 2.27)	(27,644)
Foreign currency translation difference	2
Balance receivable	18,433

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

	31/03/22 \$'000	30/06/21 \$'000
Current trade payables:		
Third parties	3,944	3,389
Current other payables:		
Other accruals ^(a)	19,791	17,777
Accruals for property and land use tax	4,341	3,990
Accruals for business tax	2,949	2,530
Accruals for capital expenditure ^(b)	3,818	9,441
Amount due to joint venture ^(c)	162	6,777
Amount due to a director	5,325	10,923
Payable for purchase of Campus Facilities by Boustead College	6,922	6,618
Payable for acquisition of 35.9% equity interest in Hezhong	1,296	1,266
Advance receipt from disposal of non-current asset held for sale (refer F 2.17)	-	12,084
Other payables ^(d)	15,163	12,150
	59,767	83,556
Total current trade and other payables	63,711	86,945

- (a) Increase in other accruals was mainly due to higher admission expenses accrued as a result of higher student enrolments by Wanbo.
- (b) Decrease in accruals for capital expenditure was mainly due to payments to contractors.
- (c) Decrease in joint venture was mainly due to dividend income from Value Vantage Pte Ltd ("VVPL").
- (d) Increase in other payables is mainly due to higher student scholarship and bursary received by Wanbo from the government which will be disbursed to students.

- (19) Increase in course fees received in advance from \$13.8 million in FY2021 to \$25.1 million in 9 months FY2022 was mainly due to annual fee collections from students in Tianjin University of Commerce, Boustead College ("Boustead College") and Wanbo. This deferred income will be recognised as revenue over the next financial quarter in FY2022.

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

COMMENTARY ON THE GROUP STATEMENT OF FINANCIAL POSITION (AS AT 31 MARCH 2022 AND 30 JUNE 2021) (CONTINUED)

- (20) Increase in education facilities rental service fees received in advance from \$1.1 million in FY2021 to \$2.2 million in 9 months 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 financial quarter in FY2022.
- (21) Decrease in income tax payable from \$10.5 million in FY2021 to \$6.3 million in 9 months FY2022 was mainly due to payment for capital gain tax instalment arising from disposal of investment property in Parramatta, New South Wales, Australia, in FY2020.
- (22) Decrease in current borrowings from \$299.2 million in FY2021 to \$217.0 million in 9 months FY2022 was mainly due to repayments of borrowings during the 9 months. Overall, the total borrowings decreased from \$391.4 million in FY2021 to \$302.8 million in 9 months FY2022.
- (23) Net current liabilities as at 31 Mar 2022 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 \$183.3 million;
 - b. Overdraft facilities of \$13.2 million that were classified as current but these overdraft facilities will be continuing; and
 - c. Course fees received in advance of 25.1 million and education facilities rental service fees received in advance of \$2.2 million which will be recognised as revenue over the next financial quarter in FY2022.
- (24) Decrease in non-current trade and other payables from \$16.1 million in FY2021 to \$10.9 million in 9 months FY2022 was mainly due to instalment payment of RMB35 million (\$7.5 million) to Hongda for the purchase of Campus Facilities by Boustead College.
- (25) Deferred tax liabilities breakdown for 9 months 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	(71)	-	8,138	3,464	11,531
Foreign currency realignment	45	600	716	15	1,376
Balance at 31 Mar 2022	2,476	41,615	39,749	3,418	87,258

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

COMMENTARY ON THE GROUP STATEMENT OF CASHFLOWS

(26) Net cash from operating activities amounted to \$14.4 million.

(27) 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 \$29.5 million;
- (d) Drawdown of bank borrowings of \$8.2 million;

(28) Major cash outflows were for:

- (a) Payments for property, plant & equipment of \$29.3 million;
- (b) Repayment to a director \$5.8 million; and
- (c) Repayment of bank borrowings of \$97.1 million.

(29) The Group's cash position was \$20.1 million at the end of 9 months FY2022 (9 months FY2021: \$25.0 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 31 December 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 9 months ended 31 March 2022 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
9 May 2022