

RAFFLES EDUCATION LIMITED (FORMERLY KNOWN AS RAFFLES EDUCATION CORPORATION LIMITED)

Company registration Number: 199400712N

FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE HALF YEAR ENDED AND FINANCIAL YEAR ENDED 30 JUNE 2023

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

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Note (Page 21-24)	Group					
		6 months ended 30/06/23 \$'000	6 months ended 30/06/22 \$'000	Change %	12 months ended 2023 \$'000	12 months ended 2022 \$'000	Change %
Revenue	F 2.1	57,049	52,159	9	110,891	105,371	5
Other operating income	F 2.2	1,500	498	201	2,115	38,942	-95
Personnel expenses	F 2.3	(21,562)	(23,433)	-8	(42,500)	(43,796)	-3
Other operating expenses	F 2.4	(20,457)	(27,820)	-26	(41,901)	(47,761)	-12
Finance costs	F 2.5	(10,577)	(8,571)	23	(19,935)	(19,679)	1
Depreciation and amortisation expenses		(10,714)	(10,311)	4	(20,044)	(19,950)	0
Reversal of impairment in associates	F 2.6	519	-	NM	519	-	NM
Impairment loss on property, plant and equipment	F 2.7	(1,180)	-	NM	(1,180)	-	NM
Fair value (loss)/gain on investment properties	F 2.8	(4,394)	11,621	-138	(4,394)	11,621	-138
Share of results of joint ventures	F 2.9	-	3,213	-100	-	3,332	-100
Share of results of associates	F 2.10	(296)	(19)	NM	(573)	980	-158
Operating (loss)/profit before income tax		(10,112)	(2,663)	280	(17,002)	29,060	-159
Foreign exchange gain	F 2.11	22,527	9,311	142	46,715	9,996	367
Foreign exchange loss	F 2.12	(20,626)	(6,820)	202	(31,574)	(16,669)	89
(Loss)/profit before income tax		(8,211)	(172)	NM	(1,861)	22,387	-108
Income tax expense	F 2.13	(5,471)	(6,682)	-18	(6,491)	(9,349)	-31
Deferred tax (expense)/credit	F 2.13	(686)	6,930	-110	(645)	(5,267)	-88
Net (loss)/profit after tax		(14,368)	76	NM	(8,997)	7,771	NM
Net (loss)/profit attributable to:							
Equity holders of the Company		(11,581)	895	NM	(5,305)	9,612	-155
Non-controlling interests		(2,787)	(819)	240	(3,692)	(1,841)	101
Net (loss)/profit after tax		(14,368)	76	NM	(8,997)	7,771	NM
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 2.14	(25,430)	(31,345)	-19	(85,659)	(6,065)	NM
Total comprehensive (loss)/income		(39,798)	(31,269)	27	(94,656)	1,706	NM
Total comprehensive income attributable to:							
Equity holders of the Company		(33,663)	(27,160)	24	(80,463)	3,788	NM
Non-controlling interests		(6,135)	(4,109)	49	(14,193)	(2,082)	582
Total comprehensive (loss)/income		(39,798)	(31,269)	27	(94,656)	1,706	NM
Earnings per share for (loss)/profit for the period/year attributable to the owners of the Company during the period:							
Basic (cents)		(0.84)	0.06		(0.38)	0.70	
Diluted (cents)		(0.84)	0.06		(0.38)	0.70	

NM – Not meaningful

Condensed Interim Statements of Financial Position

UNAUDITED STATEMENTS OF FINANCIAL POSITION	Note (Page 25 -28)	Group		Company	
		30 Jun 2023 \$'000	30 Jun 2022 \$'000	30 Jun 2023 \$'000	30 Jun 2022 \$'000
Non-current assets					
Property, plant and equipment	F 2.15	475,316	602,765	4	6
Right-of-use assets	F 2.16	12,580	2,306	-	-
Investment properties	F 2.17	381,908	435,109	-	-
Investment in subsidiaries		-	-	427,548	443,391
Investment in joint ventures		-	218	-	-
Investment in associates		3,435	3,710	-	-
Intangible assets	F 2.18	101,119	112,208	83	92
Deferred tax assets		742	946	-	-
Other receivables	F 2.19	14,535	4,739	46,597	44,653
Restricted bank balances		2,188	2,118	-	-
		991,823	1,164,119	474,232	488,142
Current assets					
Inventories		61	63		
Trade and other receivables	F 2.20	33,577	52,590	334,257	267,457
Cash and bank balances		56,311	64,089	536	131
		89,949	116,742	334,793	267,588
Non-current assets held for sale	F 2.15	68,267	-	-	-
		158,216	116,742	334,793	267,588
Less:					
Current liabilities					
Trade and other payables	F 2.21	52,656	60,872	377,895	382,248
Course fees received in advance	F 2.22	21,219	25,820	-	-
Education facilities rental service fees received in advance		1,496	2,506	-	-
Income tax payables	F 2.23	15,631	18,889	51	51
Borrowings	F 2.24	176,002	166,376	27,970	908
Lease liabilities		2,793	861	-	-
		269,797	275,324	405,916	383,207
Net current liabilities	F 2.25	(111,581)	(158,582)	(71,123)	(115,619)
Less:					
Non-current liabilities					
Trade and other payables	F 2.26	9,592	13,472	-	-
Borrowings	F 2.24	99,516	134,826	34,904	20,761
Lease liabilities	F 2.16	10,377	1,476	-	-
Deferred tax liabilities	F 2.27	64,932	70,540	-	-
		184,417	220,314	34,904	20,761
Net assets		695,825	785,223	368,205	351,762
Capital and reserves					
Share capital		554,337	554,337	554,337	554,337
Treasury shares		(38,817)	(39,683)	(38,817)	(39,683)
Accumulated profits/(losses) and other reserves		84,443	160,514	(147,315)	(162,892)
Equity attributable to equity holders of the Company		599,963	675,168	368,205	351,762
Non-controlling interests	F 2.28	95,862	110,055	-	-
Total equity		695,825	785,223	368,205	351,762

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	Other reserves	Accumulated profits			
					Total	Total		
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
FY2023								
Balance at 1 Jul 2022	554,337	(39,683)	2,642	16,345	141,527	675,168	110,055	785,223
Total comprehensive loss	-	-	-	(75,158)	(5,305)	(80,463)	(14,193)	(94,656)
Share-based payment	-	866	-	(758)	-	108	-	108
Issuance of convertible bonds	-	-	-	5,150	-	5,150	-	5,150
Balance at 30 June 2023	554,337	(38,817)	2,642	(54,421)	136,222	599,963	95,862	695,825
FY2022								
Balance at 1 Jul 2021	554,337	(39,683)	2,642	22,169	131,915	671,380	112,137	783,517
Total comprehensive income/(loss)	-	-	-	(5,824)	9,612	3,788	(2,082)	1,706
Balance at 30 June 2022	554,337	(39,683)	2,642	16,345	141,527	675,168	110,055	785,223
COMPANY	Share Capital	Treasury Shares	Share-based		Other reserves	Accumulated Losses	Total	
			Payment Reserve	Reserve				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
FY2023								
Balance at 1 Jul 2022	554,337	(39,683)	2,642	-	-	(165,534)	-	351,762
Total comprehensive income	-	-	-	-	-	11,185	-	11,185
Share-based payment	-	866	-	(758)	-	-	-	108
Issuance of convertible bonds	-	-	-	5,150	-	-	-	5,150
Balance at 30 June 2023	554,337	(38,817)	2,642	4,392	-	(154,349)	-	368,205
FY2022								
Balance at 1 Jul 2022	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

Condensed Interim Consolidated Statement of Cash Flows

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS	Note (Page 29)	12 months ended 30 Jun 2023 \$'000	12 months ended 30 Jun 2022 \$'000
Operating activities			
(Loss)/ Profit before income tax		(1,861)	22,387
Adjustments for:			
Depreciation for property, plant and equipment		17,157	18,115
Fair value loss/(gain) on investment properties, net		4,394	(11,621)
Amortisation for right-of-use assets		2,645	1,502
Loss allowance on trade receivables		69	16
Impairment loss on property, plant and equipment		1,180	-
Reversal of impairment loss on investment in associate		(519)	-
Loss on disposal of investment properties		3,571	1,700
Amortisation of intangible assets		242	333
Bad trade receivables written off		201	162
Finance costs		19,935	19,679
Interest income		(1,433)	(231)
Gain on disposal of non-current assets held for sale		-	(36,866)
Gain on disposal of property, plant and equipment, net		(8)	(52)
Gain on lease modification		(61)	(306)
Property, plant and equipment written off		2	18
Write back of accrued capital expenditure		-	(34)
Share of results of joint ventures		-	(3,332)
Share of results of associates		573	(980)
Unrealised foreign exchange gain		(19,055)	(2,143)
Operating cash flows before movement in working capital		27,032	8,347
Working capital changes:			
Inventories		3	18
Trade and other receivables		5,493	5,072
Course fees received in advance		(3,107)	12,066
Education facilities rental service received in advance		(832)	1,377
Trade and other payables		1,662	21,980
Cash generated from operations		30,251	48,860
Interest paid		(15,754)	(23,605)
Interest received		1,554	174
Income and withholding taxes paid		(8,084)	(8,415)
Net cash generated from operating activities	F 2.29	7,967	17,014
Investing activities			
Additions for development cost and computer software		(5)	(14)
Additions of trademarks and licenses		-	(132)
Advance payment for construction project		(1,802)	-
Advance payment for investment properties	F 2.31	(10,638)	-
Payments for property, plant and equipment	F 2.31	(14,526)	(32,454)
Additions of investment properties	F 2.31	(4,113)	(889)
Additions of right-of-use assets		(273)	-
Proceeds from disposal of subsidiary	F 2.30	14,370	42,239
Proceeds from disposal of non-current assets held for sale		-	46,075
Proceeds from disposal of property, plant and equipment		36	221
Proceeds from disposal of investment properties	F 2.30	18,920	1,557

Condensed Interim Consolidated Statement of Cash Flows (continued)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS	Note (Page 30)	12 months ended 30 Jun 2023 \$'000	12 months ended 30 Jun 2022 \$'000
Investing activities (continued)			
Return of capital from an associate		-	3,279
Return of capital from joint venture		218	-
Net cash generated from investing activities		2,187	59,882
Financing activities			
(Increase)/decrease in bank balances pledged and restricted cash, net	F 2.31	(8,445)	28,951
Advance from third party	F 2.30	7,953	-
Proceeds from convertible bonds	F 2.30	37,800	-
Repayment of loan to a director, net	F 2.31	(4,021)	(7,868)
Drawdown of borrowings	F 2.30	22,273	11,226
Repayment of borrowings	F 2.31	(73,091)	(99,631)
Repayment of principal portion of lease liabilities		(1,827)	(1,272)
Repayment of obligation under lease		(999)	(154)
Net cash used in financing activities		(20,357)	(68,748)
Net change in cash and cash equivalents		(10,203)	8,148
Cash and cash equivalents at beginning of financial year		37,423	29,527
Effect of exchange rate changes on cash and cash equivalents		(3,014)	(252)
Cash and cash equivalents at end of financial year – Note A	F 2.32	24,206	37,423

Note A:

	Note	12 months ended 30 Jun 2023 \$'000	12 months ended 30 Jun 2022 \$'000
Cash and cash equivalents			
<u>Current</u>			
Fixed deposits with banks		22,748	26,110
Cash and bank balances		24,206	37,423
Restricted bank balances		9,357	556
<u>Non-current</u>			
Restricted bank balances		2,188	2,118
Cash and bank balances in the statement of financial position		58,499	66,207
Pledged fixed deposits and bank balances		(22,748)	(26,110)
Restricted bank balances		(11,545)	(2,674)
Cash and cash equivalents in the statement of cash flow	F 2.32	24,206	37,423

N. Notes to the Condensed Interim Consolidated Financial Statements

1 Corporate Information

Raffles Education 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 111 Somerset Road, #15-22, 111 Somerset, Singapore 238164.

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 2023 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 2022.

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 2023, the Group's and the Company's current liabilities exceeded its current assets by \$111.6 million and \$71.1 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 based on the cash flow forecast;
2. The Group is confident that its lenders will continue to give support to the Group;
3. The Group's ability to refinance its existing borrowings when necessary with other banks;
4. The Group's ability to realise certain of its assets through sale/lease of its properties. The Group is in on-going negotiations with a few parties on the proposed sale of 51 Merchant Road; and
5. The Company has the ability to tap funds from its shareholders and the capital market.

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 2023.

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 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 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, Hebei Province, the People's Republic of China.

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				
	6 months ended 30 Jun 2023				
	Education	Education Facilities Rental Service	Education Real Estate Investment & Development	Corporate & Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	49,330	6,892	827	-	57,049
Inter-segment revenue	430	619	950	1,812	3,811
Interest income	55	12	1,214	1	1,282
Loss on disposal of investment properties	-	(3,571)	-	-	(3,571)
Net fair value (loss)/gain on investment properties	(1,972)	(3,092)	37	633	(4,394)
Finance cost	(2,771)	(1,401)	(530)	(5,875)	(10,577)
Depreciation and amortisation	(6,932)	(429)	(2,361)	(992)	(10,714)
Reversal of impairment in associates	-	519	-	-	519
Impairment loss on property, plant and equipment	(1,180)	-	-	-	(1,180)
Share of results from associates	(7)	(289)	-	-	(296)
Reportable segment (loss)/ profit before income tax	(2,181)	(3,860)	417	(2,587)	(8,211)
Net (loss)/ profit for the financial period	(4,673)	(5,632)	(40)	(4,023)	(14,368)
<u>Other information:</u>					
Additions to property, plant and Equipment	1,340	41	-	-	1,381
Additions to right-of-use assets	1,048	-	-	-	1,048
Additions to investment Properties	-	3,003	-	-	3,003
Additions to intangible assets	-	-	-	-	-
Investment in joint ventures	-	-	-	-	-
Investment in associates	217	3,218	-	-	3,435
Segment assets	388,425	286,855	230,739	80,225	986,244
Segment liabilities	(115,805)	(52,078)	(39,478)	(165,927)	(373,288)

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

4.1 Reportable Segments (continued)

	Group 6 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	45,956	5,238	962	3	52,159
Inter-segment revenue	236	649	775	3,377	5,037
Interest income	33	4	4	1	42
Gain on disposal of property, plant and equipment, net	64	(13)	-	-	51
Loss on disposal of non-current assets held for sale	(318)	-	-	-	(318)
Loss on disposal of investment properties	-	(1,037)	(663)	-	(1,700)
Net fair value gain on investment properties	-	5,222	2,584	3,815	11,621
Finance cost	(5,380)	(1,941)	128	(1,378)	(8,571)
Depreciation and amortisation	(6,211)	(442)	(2,591)	(1,067)	(10,311)
Share of results from joint ventures	-	-	-	3,213	3,213
Share of results from associates	(8)	(11)	-	-	(19)
Reportable segment profit/(loss) before income tax	(1,421)	4,196	(6,580)	3,633	(172)
Net profit/(loss) for the financial period	(2,242)	(80)	(358)	2,756	76
<u>Other information:</u>					
Additions to property, plant and equipment	9,831	323	157	-	10,311
Additions to right-of-use assets	121	-	-	-	121
Additions to investment properties	-	(497)	-	-	(497)
Additions to intangible assets	1,931	-	-	1	1,932
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 2023				
	Education	Education Facilities Rental Service	Education Real Estate Investment & Development	Corporate & Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	98,523	10,825	1,542	1	110,891
Inter-segment revenue	497	1,254	1,573	4,273	7,597
Interest income	191	15	1,222	5	1,433
Gain on disposal of property, plant and equipment	8	-	-	-	8
Loss on disposal of investment properties	-	(3,571)	-	-	(3,571)
Net fair value (loss)/gain on investment properties	(1,972)	(3,092)	37	633	(4,394)
Finance cost	(6,303)	(2,919)	(754)	(9,959)	(19,935)
Depreciation and amortisation	(12,388)	(864)	(4,800)	(1,992)	(20,044)
Reversal of impairment on investment in associates	-	519	-	-	519
Impairment loss on property, plant and equipment	(1,180)	-	-	-	(1,180)
Share of results from associates	(14)	(559)	-	-	(573)
Reportable segment profit/(loss) before income tax	4,205	(4,550)	(5,250)	3,734	(1,861)
Net (loss)/profit for the financial year	813	(6,339)	(5,625)	2,154	(8,997)
<u>Other information:</u>					
Additions to property, plant and equipment	2,129	123	36	66	2,354
Additions to right-of-use assets	13,538	-	-	-	13,538
Additions to investment properties	-	4,113	-	-	4,113
Additions to intangible assets	5	-	-	-	5
Investment in associates	217	3,218	-	-	3,435
Segment assets	388,425	286,855	230,739	80,225	986,244
Segment liabilities	(115,805)	(52,078)	(39,478)	(165,927)	(373,288)

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	64	(12)	-	-	52
Gain on disposal of non-current assets held for sale	36,866	-	-	-	36,866
Loss on disposal of investment properties	-	(1,037)	(663)	-	(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	41,298	3,420	(13,391)	(8,940)	22,387
Net profit/(loss) for the financial year	32,243	(872)	(13,749)	(9,851)	7,771
<u>Other information:</u>					
Additions to property, plant and equipment	26,813	462	157	-	27,432
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)

4.2 Disaggregation of Revenue

Operating Segment	Group					Total
	6 months ended 30 Jun 2023					
	Education	Education Facilities Rental Service	Education Real Estate Investment & Development	Corporate & Others		
	\$'000	\$'000	\$'000	\$'000		\$'000
Course fee	45,411	-	-	-		45,411
Rental income from investment properties	-	6,891	827	-		7,718
Student accommodation fee	1,523	-	-	-		1,523
Canteen operation	489	-	-	-		489
Other fees	1,908	-	-	-		1,908
Total revenue	49,331	6,891	827	-		57,049
Geographical information	ASEAN \$'000	North Asia \$'000	South Asia \$'000	Australasia \$'000	Europe \$'000	Total \$'000
Course fee	17,477	26,354	190	-	1,390	45,411
Rental income from investment properties	-	7,008	-	-	710	7,718
Student accommodation fee	-	1,523	-	-	-	1,523
Canteen operation	412	77	-	-	-	489
Other fees	1,468	440	-	-	-	1,908
Total revenue	19,357	35,402	190	-	2,100	57,049
Operating Segment	Group					Total
	6 months ended 30 Jun 2022					
	Education	Education Facilities Rental Service	Education Real Estate Investment & Development	Corporate & Others		
	\$'000	\$'000	\$'000	\$'000		\$'000
Course fee	44,110	-	-	-		44,110
Rental income from investment properties	-	5,238	934	3		6,175
Student accommodation fee	403	-	-	-		403
Canteen operation	375	-	-	-		375
Other fees	1,068	-	28	-		1,096
Total revenue	45,956	5,238	962	3		52,159
Geographical information	ASEAN \$'000	North Asia \$'000	South Asia \$'000	Australasia \$'000	Europe \$'000	Total \$'000
Course fee	15,660	27,332	199	-	919	44,110
Rental income from investment properties	3	5,470	-	-	702	6,175
Student accommodation fee	4	399	-	-	-	403
Canteen operation	335	40	-	-	-	375
Other fees	670	357	-	-	69	1,096
Total revenue	16,672	33,598	199	-	1,690	52,159

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 2023					
	Education	Education Facilities Rental Service	Education Real Estate Investment & Development	Corporate & Others		
	\$'000	\$'000	\$'000	\$'000	\$'000	
Course fee	91,319	-	-	-	91,319	
Rental income from investment properties	-	10,825	1,542	1	12,368	
Student accommodation fee	3,129	-	-	-	3,129	
Canteen operation	920	-	-	-	920	
Other fees	3,155	-	-	-	3,155	
Total revenue	98,523	10,825	1,542	1	110,891	
Geographical information	ASEAN	North Asia	South Asia	Australasia	Europe	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Course fee	35,517	52,942	421	-	2,439	91,319
Rental income from investment properties	1	11,204	-	-	1,163	12,368
Student accommodation fee	-	3,129	-	-	-	3,129
Canteen operation	761	159	-	-	-	920
Other fees	2,384	771	-	-	-	3,155
Total revenue	38,663	68,205	421	-	3,601	110,891
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

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

4.3 A breakdown of sales

	Group		Increase/ (Decrease) %
	Financial year ending 30 Jun 2023 \$'000	Financial year ending 30 Jun 2022 \$'000	
(a) Sales reported for first half year	53,842	53,212	1.2
(b) Profit after tax reported for first half year	5,371	7,695	(30.2)
(c) Sales reported for second half year	57,049	52,159	9.4
(d) (Loss)/profit after tax reported for second half year	(14,368)	76	NM

5 Financial assets and financial liabilities

	Group		Company	
	30 Jun 2023 \$'000	30 Jun 2022 \$'000	30 Jun 2023 \$'000	30 Jun 2022 \$'000
<u>Financial Assets</u>				
Trade and other receivables (excluding prepayments & value added tax recoverable)	42,767	53,403	380,733	312,023
Cash and cash equivalents	58,499	66,207	536	131
<u>Financial Liabilities</u>				
Trade and other payables (excluding accruals for business, property and land taxed)	52,965	64,396	377,337	382,248
Borrowings	275,518	301,202	62,874	21,669
Lease liabilities	13,170	2,337	-	-

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

6 (Loss)/ profit before taxation

	6 months ended 30 Jun 2023 \$'000	6 months ended 30 Jun 2022 \$'000	12 months ended 30 Jun 2023 \$'000	12 months ended 30 Jun 2022 \$'000
<u>Included in Other Operating Income</u>				
Interest income	1,282	43	1,433	231
Government grant	64	13	208	790
Gain on disposal of property, plant and equipment	2	65	10	66
Gain on disposal of non-current asset held for sale	-	(318)	-	36,866
Reversal of loss allowance on trade receivables	(7)	-	-	-
<u>Included in Other Operating Expenses</u>				
Loss allowance on trade receivables	(69)	(14)	(69)	(16)
Bad trade receivables written off	(78)	183	(201)	(162)
Loss on disposal of property, plant and equipment	(2)	(14)	(2)	(14)
Loss on disposal of investment property	(3,571)	(1,700)	(3,571)	(1,700)
Lease expenses	(255)	(234)	(642)	(275)
Property, plant and equipment written off	(2)	(18)	(2)	(18)
<u>Included in Personnel Expenses</u>				
Share-based payment	(125)	(108)	(125)	(108)

ADJUSTED EBITDA	6 months ended 30 Jun 2023 \$'000	6 months ended 30 Jun 2022 \$'000	12 months ended 30 Jun 2023 \$'000	12 months ended 30 Jun 2022 \$'000
(Loss)/profit after tax	(14,368)	76	(8,997)	7,771
<u>Add/(less):</u>				
Government grant	(64)	(13)	(208)	(790)
Finance costs	10,577	8,571	19,935	19,679
Net income tax and deferred tax expense	6,157	(248)	7,136	14,616
Depreciation and amortisation	10,714	10,311	20,044	19,950
Net foreign exchange (gain)/loss	(1,901)	(2,491)	(15,141)	6,673
Property, plant and equipment written off	2	18	2	18
Net gain on disposal of property, plant and equipment	-	(51)	(8)	(52)
Net loss/(gain) on disposal of non-current asset held for sale	-	318	-	(36,866)
Adjusted EBITDA	11,117	16,491	22,763	30,999

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

7 Taxation

The Group calculates income tax expense for the period ended 30 Jun 2023 using tax rate that would 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:

	6 months ended 30 Jun 2023 \$'000	6 months ended 30 Jun 2022 \$'000	12 months ended 30 Jun 2023 \$'000	12 months ended 30 Jun 2022 \$'000
<u>Income tax credit/(expense)</u>				
Current financial period	(4,760)	(6,077)	(5,872)	(8,736)
Under provision of income tax expense in prior financial periods	(711)	(605)	(619)	(613)
<u>Deferred tax (expense)/credit</u>				
Current financial period	(686)	6,940	(658)	(5,263)
Over/(under) provision of income tax expense in prior financial periods	-	(10)	13	(4)

8 Net asset value

	Group		Company	
	As at 30 Jun 2023 \$	As at 30 Jun 2022 \$	As at 30 Jun 2023 \$	As at 30 Jun 2022 \$
Net asset value per ordinary share (cents)	43.52	48.97	26.71	25.51

The calculation of net asset value per ordinary share was based on 1,380,397,472 shares (excluding treasury shares) as at 30 Jun 2023 (30 Jun 2022: 1,378,656,672).

9 Property, plant and equipment

During the year, the Group acquired assets amounting to \$2,354,000 (30 Jun 2022: \$27,432,000), reclassification of \$68,267,000 (30 Jun 2022: Nil) to non-current asset held for sale at net book value and foreign currency translation movement of \$43,168,000 (30 Jun 2022: \$4,651,000).

10 Investment Properties

	Group	
	2023 \$'000	2022 \$'000
Beginning of financial year	435,109	433,873
Additions	4,113	889
Disposal	(21,924)	(3,257)
Fair value (loss)/ gain recognised in profit or loss	(4,394)	11,621
Currency translation differences	(30,996)	(8,017)
Balance at end of financial year	381,908	435,109

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

10 Investment Properties (continued)

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.

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	3.2% - 8.0% per annum (2022: 3.9% - 8.0% per annum)	Increase in capitalisation rate would result in lower fair value.
	Monthly rental rate	\$3.27 - \$77.57 per sqm (2022: \$3.4 - \$71.4 per sqm)	Increase in monthly rental rate would result in higher fair value.
Direct comparison approach	Price per square metre	\$89.90 - \$1,107.87 per sqm (2022: \$71.6 - \$1,073.1 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 2022	110,088	2,340	3,048	116	115,592
Additions	-	-	5	-	5
Currency translation differences	(10,802)	(54)	(211)	(3)	(11,070)
At 30 Jun 2023	99,286	2,286	2,842	113	104,527

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 2022	-	(339)	(2,955)	(90)	(3,384)
Amortisation	-	(185)	(50)	(7)	(242)
Currency translation differences	-	9	206	3	218
At 30 Jun 2023	-	(515)	(2,799)	(94)	(3,408)
Carrying amount at 30 Jun 2023	99,286	1,771	43	19	101,119

Company

	Trademarks & licenses \$'000	Computer software \$'000	Total \$'000
Cost			
At 1 Jul 2022 / 30 June 2023	228	51	279
Accumulated amortisation & impairment			
At 1 Jul 2022	(166)	(21)	(187)
Amortisation	(2)	(7)	(9)
At 30 Jun 2023	(168)	(28)	(196)
Carrying amount at 30 Jun 2023	60	23	83

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 -2.3% to 13.6%

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

12 Borrowings

	Group	
	30 Jun 2023 \$'000	30 Jun 2022 \$'000
<u>Amount repayable in one year or less, or on demand:</u>		
Secured ^{1, 2, 3}	175,795	165,667
Unsecured	207	709
	176,002	166,376
<u>Amount repayable after one year:</u>		
Secured ^{1, 2, 3}	64,612	134,387
Unsecured convertible bonds	34,670	-
Unsecured	234	439
	99,516	134,826
Total borrowings	275,518	301,202
REC Group (exclude OUCHK Group, Hong Kong GEM listed)	226,593	253,367
OUCHK Group (75% owned by REC)	48,925	47,835
Total borrowings	275,518	301,202

Details of securities

1 Property mortgage loans of \$202,025,000.

2 Bank borrowings of \$19,843,000 were secured by standby letter of credit based on cash deposit with the bank of \$22,748,000.

3 Bank borrowings of \$15,133,000 were secured by certain properties and restricted bank balances of \$2,111,000

13 Share Capital

	Group and Company			
	30 Jun 2023		30 Jun 2022	
	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 increased to 1,380,397,472 (excluding treasury shares) as at 30 June 2023 (30 June 2022: 1,378,656,672) following a transfer of 1,740,800 treasury shares arising from the settlement of the share component of the directors' fee of its non-executive directors for the financial year ended 30 June 2022.

Subsequent to 30 June 2023, there was an issuance of 5,000,000 new ordinary shares pursuant to conversion of placement bonds on 10 August 2023 which has increased the total number of issued shares to 1,385,397,472 (excluding treasury shares).

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

13 Share Capital (continued)

There was a decrease to 78,049,300 treasury shares as at 30 June 2023 (30 June 2022: 79,790,100) following the transfer of 1,740,800 treasury shares as mentioned above.

As at 30 June 2023, there was unexercised share option for 1,860,000 unissued ordinary shares (30 June 2022: 1,970,000) under the Raffles Education Limited 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 Limited and its subsidiaries as at 30 June 2023 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 six 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 SIX MONTHS AND 12 MONTHS ENDED 30 JUNE 2023

(1) Revenue

2H FY23 vs 2H FY22

Increase in revenue from \$52.2 million for 2nd half FY2022 to \$57.0 million for 2nd half FY2023 was mainly due to:

- (a) Revenue from ASEAN colleges increased by \$2.7 million from \$16.7 million for 2nd half FY2022 to \$19.4 million for 2nd half FY2023 due to higher student enrolments. The students' number in ASEAN has grown by 22% from comparative half year.
- (b) Revenue from the leasing of education facilities of Oriental University City Holdings (H.K.) Limited ("OUCHK") increased by \$1.5 million from \$5.5 million for 2nd half FY2022 to \$7.0 million for 2nd half FY2023 mainly due to the revenue recognition of a few Education Institutions, which had signed-up long-term lease agreements with annual step-up rental per unit features for leasing of education facilities in the OUC Campus.

FY23 vs FY22

Increase in revenue from \$105.4 million for FY2022 to \$110.9 million for FY2023 was mainly due to revenue from ASEAN colleges increased by \$5.5 million from \$33.2 million for FY2022 to \$38.7 million for FY2023 due to higher student enrolments. The students' number in ASEAN has grown by 23% from comparative year.

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

COMMENTARY ON THE GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS AND 12 MONTHS ENDED 30 JUNE 2023 (CONTINUED)

(2) Other operating income

2H FY23 vs 2H FY22

Increase in other operating income from \$0.5 million for 2nd half FY2022 to \$1.5 million for 2nd half FY2023 was mainly due to 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").

FY23 vs FY22

Decrease in other operating income from \$38.9 million for FY2022 to \$2.1 million for FY2023 was mainly due to 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 for the land owned by Wanbo Institute of Science & Technology ("Wanbo").

(3) Personnel expenses

2H FY23 vs 2H FY22

Decrease in personnel expenses from \$23.4 million for 2nd half FY2022 to \$21.6 million for 2nd half FY2023 was mainly due to reduction in incentive bonus.

(4) Other operating expenses

2H FY23 vs 2H FY22 and FY23 vs FY22

Decrease in other operating expenses from \$27.8 million for 2nd half FY2022 to \$20.5 million for 2nd half FY2023 and from \$47.8 million for FY2022 to \$41.9 million for FY2023 was due to:

- (a) Decrease in marketing expenses in 2nd half FY2023;
- (b) Decrease in provision of estimated expenses payable upon receipt of sale proceeds of Langfang Development Zone Oriental University City Sino-Singapore Education Investment Co., Ltd. ("LOIT") in 2nd half FY2023; and

Offset by:

- (c) Higher loss on disposal of investment properties in 2nd half FY2022.

(5) Finance costs

2H FY23 vs 2H FY22

Increase in finance costs from \$8.6 million for 2nd half FY2022 to \$10.6 million for 2nd half FY2023 was mainly due to:

- (a) Increase in interest expenses incurred by Raffles Assets (Singapore) Pte Ltd as a result of increase in borrowing rate from 2.3% in 2nd half FY2022 to 6.1% in 2nd half FY2023 which arose due to increase in SIBOR rate or SORA rate;
- (b) Interest expenses accrued for convertible bonds in 2nd half FY2023; and

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

COMMENTARY ON THE GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS AND 12 MONTHS ENDED 30 JUNE 2023 (CONTINUED)

Offset by:

- (c) Decrease in interest expenses incurred by Raffles K12 Sdn Bhd (“RK12”) as a result of repayments of borrowings to Affin Bank.
- (6) Reversal of impairment in associates

A reversal of impairment loss in an associate, Axiom Properties Limited, of \$0.5 million was recognised in 2nd half FY2023 and FY2023. This reversal is mainly due to an increase in its fair value less cost of disposal as at 30 June 2023.

- (7) Impairment loss on property, plant and equipment

The impairment loss on property, plant and equipment of \$1.2 million for 2nd half FY2023 and FY2023 was incurred by Raffles Iskandar Sdn Bhd (“RU”) as the fair value less cost of disposal of property, plant and equipment was lower than its carrying amount.

- (8) Fair value (loss) / gain on investment properties

Fair value loss on investment properties of \$4.4 million for 2nd half FY2023 and FY2023 were mainly attributable by the revaluation of investment properties in OUCHK and RU. The fair value loss on investment properties was offset by increase in fair value of investment properties in Trophy Land Global Limited, Thailand and Raffles Assets (Private) Limited, Sri Lanka (“RUSL”). Fair value gain on investment properties of \$11.6 million for 2nd half FY2022 and FY2022 were mainly attributable by the revaluation of investment properties in OUCHK and RUSL.

- (9) Share of results of joint ventures

The share results of joint ventures in 2nd half 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 owned 50% of VVPL.

Nil balance in 2nd half FY2023 and FY2023 was due to VVPL was voluntarily struck off in 1st half FY2023.

- (10) Share of results of associates

Decrease in share of results of associate from \$0.9 million for FY2022 to (\$0.6) million for FY2023 was mainly due to the loss incurred by Axiom Properties Limited (“Axiom”), an associate of OUCHK in FY2023, compared with profit generated by Axiom in FY2022. Axiom is listed on Australian Securities Exchange (ASX: AXI).

- (11) Foreign exchange gain

The foreign exchange gain in 2nd half FY2023 and FY2023 were mainly due:

- (a) Weakening of RMB, USD and HKD against Singapore Dollar for foreign currency denominated financial liabilities; and
- (b) Strengthening of USD against RMB for foreign currency denominated financial assets.

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

COMMENTARY ON THE GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS AND 12 MONTHS ENDED 30 JUNE 2023 (CONTINUED)

(12) Foreign exchange loss

The foreign exchange loss in 2nd half FY2023 and FY2023 were mainly due to:

- (a) Strengthening of Singapore Dollar against MYR for foreign currency denominated financial liabilities; and
- (b) Strengthening of USD, HKD and RMB against Singapore Dollar for foreign currency denominated financial liabilities.

(13) Income tax & deferred tax (expense)/credit

2H FY23 vs 2H FY22

Higher income tax & deferred tax net expense for 2nd half FY2023 was mainly due to:

- (a) Recognition of income tax expense and land appreciation tax by OUCHK arising from disposal of investment properties located in Oriental University City, Langfang Development Zone, Hebei, the People's Republic of China; and
- (b) Higher provision of income tax and recognition of under provision of income tax by Wanbo in prior year.

FY23 vs FY22

Higher income tax & deferred tax net expense for FY2022 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.

(14) Currency translation differences

2H FY23 vs 2H FY22

Currency translation differences for 2nd half FY2023 of \$25.4 million loss (mainly due to Singapore Dollar strength against Chinese Renminbi) arose from the consolidation of operations and translation of net asset values in China.

FY23 vs FY22

Currency translation differences for FY2023 of \$85.7 million loss (mainly due to Singapore Dollar strength against Chinese Renminbi) arose from the consolidation of operations and translation of net asset values in China.

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

COMMENTARY ON THE GROUP STATEMENT OF FINANCIAL POSITION (AS AT 30 JUNE 2023 AND 30 JUNE 2022)

(15) Decrease in property, plant and equipment (“PPE”) from \$602.8 million in FY2022 to \$475.3 million in FY2023 was mainly due to:

- (a) Reclassification of PPE of \$68.3 million by Raffles Assets (Singapore) Pte Ltd (“RA”) as non-current assets held for sale. The Group is in on-going negotiations with a few parties on the proposed sale of 51 Merchant which is owned by RA;
 - (b) Depreciation charge for PPE amounting to \$17.2 million;
 - (c) Foreign currency translation movement of \$43.2 million; and
- Offset by:
- (d) Additions of \$2.4 million.

(16) Increase in right-of-use assets and lease liabilities was mainly due to lease of new office at 111 Somerset Road in Singapore during the year.

(17) Decrease in investment properties from \$435.1 million in FY2022 to \$381.9 million in FY2023 was mainly due to:

- (a) Fair value loss on investment properties of \$4.4 million;
- (b) Sales of investment properties of \$21.9 million;
- (c) Foreign currency translation movement of \$31.0 million.

Offset by:

- (d) Additions to investment properties of \$4.1 million.

(18) Decrease in intangible assets from \$112.2 million in FY2022 to \$101.1 million in FY2023 was mainly due to foreign currency translation movement of \$10.9 million.

(19) Increase in non-current other receivables from \$4.7 million in FY2022 to \$14.5 million in FY2023 was mainly due to progressive payments for the acquisition of investment properties in Mongolia and prepayment of renovation of investment properties by OUCHK.

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

	30/06/23 \$'000	30/06/22 \$'000
Current trade receivables:		
Third parties, (net)	3,394	3,904
Current other receivables:		
Third parties ^(a)	878	3,037
Receivable from disposal of subsidiary ^(b)	-	15,362
Prepayments ^(c)	5,180	3,867
Deposits	4,782	5,372
Joint ventures ^(d)	18,914	20,676
Tax recoverable	165	59
Others	264	313
	30,183	48,686
Total current trade and other receivables	33,577	52,590

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

COMMENTARY ON THE GROUP STATEMENT OF FINANCIAL POSITION (AS AT 30 JUNE 2023 AND 30 JUNE 2022) (continued)

- (a) Decrease in amount owing from third parties in FY2023 was mainly due to receipt from sale of investment properties of \$1.6 million and sale of water heating assets of \$0.5 million.
- (b) The Group has fully received the remaining balance owed by Mr. Liu Yan Wen arising from the sale of LOIT during the year.
- (c) Increase in prepayment is mainly due to advance payment of \$1.7 million for the construction of dormitory building by Wanbo.
- (d) Decrease in amount due from joint ventures was mainly due to foreign currency translation movement of \$1.5 million.

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

	30/06/23 \$'000	30/06/22 \$'000
Current trade payables:		
Third parties	2,291	4,341
Current other payables:		
Other accruals ^(a)	12,396	15,337
Accruals for property and land use tax	4,577	4,304
Accruals for business tax ^(b)	4,706	5,644
Accruals for capital expenditure ^(c)	1,203	7,473
Amount due to joint venture	-	162
Amount due to a Director	395	4,543
Payable for purchase of Campus Facilities by BC	7,029	6,912
Payable for acquisition of 35.9% equity interest in Hezhong	1,138	1,263
Other payables ^(d)	18,921	10,893
	50,365	56,531
Total current trade and other payables	52,656	60,872

- (a) Decrease in other accruals is mainly due to payment of accrued utilities and payment of students' admission expenses.
- (b) Decrease in accruals for business tax was mainly due to payment of RMB36.4 million (\$6.8 million) during the year; and
Offset by:
 - i. Provision of estimated expenses payable upon the receipt of proceeds from the sale of LOIT of RMB10.3 million (\$1.9 million) during the year; and
 - ii. Reclassification of non-current provision of estimated expenses payable upon the receipt of proceeds from the sale of LOIT of RMB21.2 million (\$4.0 million) to current payable which is due for payment within a year.
- (c) Decrease in accruals for capital expenditure was mainly due to reversal of accruals and payments to contractors.

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

COMMENTARY ON THE GROUP STATEMENT OF FINANCIAL POSITION (AS AT 30 JUNE 2023 AND 30 JUNE 2022) (continued)

- (d) Increase in other payables is mainly due:
- i. Increase in student scholarship and bursary received by Wanbo from the government of \$5.0 million which will be disbursed to students; and
 - ii. Increase in advance received from non-course fee and increase in professional fees payables, total of \$1.7 million.
- (22) Decrease in course fee received in advance from \$25.8 million in FY2022 to \$21.2 million in FY2023 is mainly due to decrease in annual fee collections of \$4.4 million from students in Wanbo.
- (23) Decrease in income tax payables from \$18.9 million in FY2022 to \$15.6 million in FY2023 was mainly due to:
- (a) Income tax payment of \$1.5 million by Hefei Lanjing Technology and Trade Co., Ltd arising from gain on disposal of land and buildings; and
 - (b) Capital gain tax instalment payment of \$1.3 million arising from disposal of investment property in FY2020 located at Parramatta, New South Wales, Australia.
- (24) Increase in current borrowings from \$166.4 million in FY2022 to \$176.0 million in FY2023 was mainly due to:
- (a) Reclassification of non-current to current bank borrowings that are payable within one year;
 - (b) Drawdown of bank borrowings;
- Offset by:
- (c) Repayment of borrowings during the year.
- Decrease in total borrowings from \$301.2 million in FY2022 to \$275.5 million in FY2023 was mainly due to:
- (a) Repayment of borrowings of \$73.1 million;
 - (b) Foreign currency translation movement of \$10.3 million;
- Offset by:
- (c) The issuance of convertible bonds of \$34.7 million (\$44.1 million in principal amount); and
 - (d) Drawdown of bank borrowings of \$22.3 million.

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

COMMENTARY ON THE GROUP STATEMENT OF FINANCIAL POSITION (AS AT 30 JUNE 2023 AND 30 JUNE 2022) (continued)

(25) Net current liabilities as at 30 Jun 2023 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 2024;
- (b) Course fees received in advance of \$21.2 million and education facilities rental service fees received in advance of \$1.5 million which will be recognised as revenue in FY2024.

(26) Decrease in non-current trade and other payables from \$13.5 million in FY2022 to \$9.6 million in FY2023 was mainly due to:

- (a) Reclassification of non-current amount due to Hongda of RMB37.6 million (\$7.0 million) to current payable;
- (b) Reclassification of provision of estimated expenses payable upon the receipt of proceeds from the sale of LOIT of RMB21.2 million (\$4.0 million), to current payable as they were due for payment within a year;

Offset by:

- (c) Advance from third party to Oriental University City (Cayman) Limited's Group of RMB42.5 million (\$8.0 million) for working capital purpose.

(27) Deferred tax liabilities breakdown for FY2023 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 2022	2,379	45,519	22,715	(73)	70,540
Reclassification	15	-	-	-	15
(Credited)/Charged to profit or loss	(126)	602	-	(18)	458
Foreign currency realignment	(221)	(3,628)	(2,241)	9	(6,081)
Balance at 30 June 2023	2,047	42,493	20,474	(82)	64,932

(28) Non-controlling interests as at 30 June 2023 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

(29) Net cash from operating activities amounted to \$8.0 million.

(30) Major contributors of cash inflows were:

- (a) Proceeds from disposal of a subsidiary of \$14.4 million in prior year;
- (b) Proceeds from disposal of investment properties of \$18.9 million;
- (c) Advance from third party of \$8.0 million;
- (d) Proceeds from issuance of convertible bonds of \$37.8 million;
- (e) Drawdown of bank borrowings of \$22.3 million; and

(31) Major cash outflows were for:

- (a) Advance payment for investment properties of \$10.6 million;
- (b) Payments for property, plant, and equipment of \$14.5 million;
- (c) Payments for investment properties of \$4.1 million;
- (d) Increase in restricted bank balances pledged and restricted cash of \$8.4 million;
- (e) Net repayment to a director of \$4.0 million;
- (f) Repayment of bank borrowings of \$73.1 million.

(32) The Group's cash position was \$24.2 million at the end of FY2023 (FY2022: \$37.4 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 F 4 of the Group's results announcement for the financial period ended 31 December 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 economic and geo-political uncertainty will influence our recruitment of foreign students.

The challenging global education landscape, with increasing competition and increasing restrictive policies in the countries that we operate in will continue to affect the Group.

Increasing interest rate environment will increase our cost of borrowing and increasing currency volatility will continue to affect the Group.

The Group continues to streamline and restructure its operations for better cost management and improvement in 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

No dividend has been declared or recommended for the 12 months ended 30 June 2023 in order to preserve the Group's working capital.

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	54	Spouse of Mr. Chew Hua Seng, Chairman and CEO of Raffles Education Limited ("RE")	Director of Operations since 1 st September 2018	Nil
Chew Han Wei	33	Son of Mr. Chew Hua Seng, Chairman and CEO of RE	Vice President (Europe & India Operations since 1 st Dec 2017)	Nil
Chew Han Qiang	30	Son of Mr. Chew Hua Seng, Chairman and CEO of RE	Vice President (Thailand & Suzhou) since 1 st Nov 2019	Nil

BY ORDER OF THE BOARD

Chew Hua Seng
Chairman
25 August 2023