RAFFLES EDUCATION CORPORATION LIMITED

Company registration Number: 199400712N

FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

UNAUDITED THREE MONTHS CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Item No.	Group		
		First Quarter ended 30/09/19 $'000	First Quarter ended 30/09/18 $'000	Increase/ (Decrease) %
Revenue	8.1	25,913	23,426	11
Other operating income		3,809	3,908	(3)
Personnel expenses		(10,478)	(10,321)	2
Other operating expenses		(10,068)	(10,242)	(2)
Finance costs	8.2	(4,387)	(3,835)	14
Depreciation and amortisation expenses	8.3	(3,802)	(3,420)	11
Reversal of loss allowance on trade receivables		3	16	(81)
Share of results of joint ventures		129	(13)	NM
Share of results of associates		(131)	(123)	7
Profit/(Loss) before income tax		988	(604)	NM
Income tax (expense)/credit		(161)	82	NM
Profit/(Loss) after tax		827	(522)	NM
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Currency exchange differences arising on translating foreign operations	8.4	(9,133)	(22,575)	(60)
Total comprehensive loss		(8,306)	(23,097)	(64)
Attributable to:				
Equity holders of the Company		441	(859)	NM
Non-controlling interests		386	337	15
Net Profit/(Loss)		827	(522)	NM
Attributable to:				
Equity holders of the Company		(7,965)	(19,839)	(60
Non-controlling interests		(341)	(3,258)	(90)
Total comprehensive loss		(8,306)	(23,097)	(64)

NM – Not meaningful

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

NOTES TO THE UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Group		
	First Quarter ended 30/09/19 $'000	First Quarter ended 30/09/18 $'000	Increase/ (Decrease) %
Interest income[1]	1,276	52	2,354
Government grant[1]	4	41	(90)
Gain on disposal of property, plant and equipment[1]	-	3	NM
Foreign exchange gain[1]	2,438	3,858	(37)
Bad trade receivables written off[2]	(124)	(18)	589
Loss on disposal of property, plant and equipment[2]	(2)	(12)	(83)
Foreign exchange loss[2]	(724)	(792)	(9)
Lease expenses[2]	(672)	(1,622)	(59)
Share-based payment[3]	(34)	(7)	386
Overprovision of income tax expense in prior financial periods	(68)	(446)	(85)

NM – Not meaningful

[1] included in other operating income

[2] included in other operating expenses

[3] included in personnel expenses

We have included Adjusted EBITDA in this results announcement because it can provide a useful measure for period-to-period comparisons of our core business.

ADJUSTED EBITDA	Group	
	First Quarter ended 30/09/19 $'000	First Quarter ended 30/09/18 $'000
Profit/(Loss) after tax	827	(522)
Add/(less):		
Government grant	(4)	(41)
Finance costs	4,387	3,835
Income tax expense/(credit)	161	(82)
Depreciation and amortisation	3,802	3,420
Net foreign exchange gain	(1,714)	(3,066)
Net loss on disposal of property, plant and equipment	2	9
Share of results of joint ventures	(129)	13
Share of results of associates	131	123
Adjusted EBITDA	7,463	3,689

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

UNAUDITED STATEMENTS OF FINANCIAL POSITION	Item No.	Group 30/9/19 $'000	Group 30/6/19 $'000	Company 30/9/19 $'000	Company 30/6/19 $'000
Non-current assets					
Property, plant and equipment	8.5	445,816	445,963	-	-
Right-of-use assets	8.6	3,381	-	-	-
Investment properties	8.7	403,650	477,638	-	-
Investment in subsidiaries		-	-	451,023	450,622
Investment in joint ventures		14,153	14,046	-	-
Investment in associates		52,795	53,656	-	-
Financial assets at fair value through other comprehensive income		597	606	-	-
Intangible assets		106,477	106,572	437	423
Deferred tax assets		5,949	5,966	-	-
Other receivable	8.8	-	54,637	32,891	34,372
Restricted bank balances		3,551	3,530	-	-
		1,036,369	1,162,614	484,351	485,417
Current assets					
Inventories		141	141	-	-
Trade and other receivables	8.9	98,216	44,275	225,322	221,271
Cash and bank balances		65,125	34,808	11,122	163
		163,482	79,224	236,444	221,434
Assets classified as held for sale	8.10	70,069	-	-	-
		233,551	79,224	236,444	221,434
Less:					
Current liabilities					
Trade and other payables	8.11	64,898	55,483	279,467	260,624
Course fees received in advance	8.12	39,724	12,449	-	-
Education facilities rental service received in advance	8.13	10,683	1,176	-	-
Income tax payable		1,358	1,771	51	51
Lease liabilities	8.6	1,873	-	-	-
Borrowings	8.14	111,968	123,389	44,056	64,299
		230,504	194,268	323,574	324,974
Net current assets / (liabilities)		3,047	(115,044)	(87,130)	(103,540)
Less:					
Non-current liabilities					
Trade and other payables	8.15	24,241	31,189	-	-
Lease liabilities	8.6	1,764	-	-	-
Borrowings	8.14	266,069	256,682	18,243	-
Deferred tax liabilities	8.16	62,864	63,641	-	-
		354,938	351,512	18,243	-
Net assets		684,478	696,058	378,978	381,877
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		109,282	120,151	(135,676)	(132,777)
Equity attributable to equity holders of the Company		623,936	634,805	378,978	381,877
Non-controlling interests	8.17	60,542	61,253	-	-
Total equity		684,478	696,058	378,978	381,877

1(b)(ii) Aggregate amount of group's borrowings and debt securities

GROUP BORROWINGS AND DEDT SECURITIES	Group	
	30/09/19 $'000	30/06/19 $'000
Amount repayable in one year or less, or on demand:		
Secured[1,2]	108,840	114,018
Unsecured	3,128	9,371
	111,968	123,389
Amount repayable after one year:		
Secured[1]	259,826	256,682
Unsecured	6,243	-
	266,069	256,682
Total borrowings	378,037	380,071

Details of collateral

[1]Property mortgage loans of $332,167,000.

[2]Bank borrowings of $24,928,000 were secured by a standby letter of credit collateralised by a cash deposit of $25,542,000.

For more details, refer to item 8.14.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS	Item No.	First Quarter ended 30/09/19 $'000	First Quarter ended 30/09/18 $'000
Cash flows from operating activities			
Profit/(Loss) before income tax		988	(604)
Adjustments for:			
Amortisation of intangible assets		114	135
Reversal of loss allowance on trade receivables		(3)	(16)
Bad trade receivables written off		124	18
Depreciation for property, plant and equipment		3,373	3,285
Depreciation for right-of-use assets		315	-
Interest expense		4,387	3,835
Interest income		(1,276)	(52)
Net loss on disposal of property, plant and equipment		2	9
Share-based payment		34	7
Share of results of joint ventures		(129)	13
Share of results of associates		131	123
Operating profit before working capital changes		8,060	6,753
Working capital changes:			
Trade and other receivables		(13,389)	(5,933)
Inventories		-	(3)
Course fees received in advance		27,275	25,538
Education facilities rental service received in advance		9,892	9,914
Trade and other payables		(1,245)	2,149
Cash generated from operations		30,593	38,418
Interest paid		(4,060)	(3,803)
Interest received		451	52
Income and withholding taxes paid		(565)	(274)
Net cash from operating activities	8.18	26,419	34,393
Cash flows from investing activities			
Additions of development costs and computer software		(21)	(44)
Addition of trademarks and licenses		-	(10)
Additions of investment properties		(348)	(124)
Proceeds from disposal of property, plant and equipment		11	10
Proceeds from disposal of investment properties		-	5,683
Proceeds from disposal of a subsidiary company	8.19	16,481	-
Purchases of property, plant and equipment	8.20	(10,728)	(3,383)
Additional investment in a joint venture		-	(10)
Net cash from investing activities		5,395	2,122
Cash flows from financing activities			
Decrease in bank balances pledged		602	3
Loan from a Director	8.19	2,556	4,105
Drawdown of bank borrowings	8.19	4,094	5,825
Repayment of bank borrowings	8.20	(6,867)	(12,124)
Lease payments		(418)	-
Net cash used in financing activities		(33)	(2,191)

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS	Item No.	First Quarter ended 30/09/19 $'000	First Quarter ended 30/09/18 $'000
Net change in cash and cash equivalents		31,781	34,324
Cash and cash equivalents at beginning of financial period		7,749	15,436
Effect of exchange rate changes on cash and cash equivalents		(493)	(4,658)
Cash and cash equivalents at end of financial period – *Note A*	8.21	**39,037**	**45,102**

Note A:

Cash and cash equivalents	Item No.	First Quarter ended 30/09/19 $'000	First Quarter ended 30/09/18 $'000
Current			
Fixed deposits with banks		25,542	25,737
Cash and bank balances		39,583	45,864
Non-current			
Restricted bank balances		3,551	3,617
Cash and bank balances in the statement of financial position		68,676	75,218
Pledged fixed deposits and bank balances		(26,088)	(26,499)
Restricted bank balances		(3,551)	(3,617)
Cash and cash equivalents in the statement of cash flow	8.21	**39,037**	**45,102**

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company									
GROUP	**Share Capital** $'000	**Treasury Shares** $'000	**Revaluation reserve** $'000	**Fair Value reserve** $'000	**Foreign currency translation reserve** $'000	**Share-based payment reserve** $'000	**Accumulated profits** $'000	**Total** $'000	**Non-controlling Interests** $'000	**Total Equity** $'000
FY2020										
Balance at 1 July 2019	**554,337**	**(39,683)**	**20,151**	**15**	**(25,635)**	**2,584**	**123,036**	**634,805**	**61,253**	**696,058**
Total comprehensive income	-	-	-	-	(8,406)	-	441	(7,965)	(341)	(8,306)
Share-based payment	-	-	-	-	-	34	-	34	-	34
Assignment of dividend from non-controlling interests in subsidiary	-	-	-	-	10	-	(2,948)	(2,938)	(370)	(3,308)
Balance at 30 September 2019	**554,337**	**(39,683)**	**20,151**	**15**	**(34,031)**	**2,618**	**120,529**	**623,936**	**60,542**	**684,478**
FY2019										
Balance at 1 July 2018	**554,337**	**(39,683)**	**11,571**	**-**	**7,165**	**2,453**	**85,749**	**621,592**	**106,138**	**727,730**
Total comprehensive income	-	-	-	-	(18,980)	-	(859)	(19.839)	(3,258)	(23,097)
Share based payment	-	-	-	-	-	7	-	7	-	7
Balance at 30 September 2018	**554,337**	**(39,683)**	**11,571**	**-**	**(11,815)**	**2,460**	**84,890**	**601,760**	**102,880**	**704,640**

COMPANY	**Share capital** $'000	**Treasury shares** $'000	**Share-based payment reserve** $'000	**Accumulated losses** $'000	**Total** $'000
FY2020					
Balance at 1 July 2019	**554,337**	**(39,683)**	**2,584**	**(135,361)**	**381,877**
Share based payment	**-**	**-**	34	-	34
Total comprehensive loss	-	-	-	(2,933)	(2,933)
Balance at 30 September 2019	**554,337**	**(39,683)**	**2,618**	**(138,294)**	**378,978**
FY2019					
Balance at 1 July 2018	**554,337**	**(39,683)**	**2,453**	**(117,179)**	**399,928**
Share based payment	**-**	**-**	**7**	**-**	**7**
Total comprehensive loss	-	-	-	(402)	(402)
Balance at 30 September 2018	**554,337**	**(39,683)**	**2,460**	**(117,581)**	**399,533**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

SHARE CAPITAL

During the financial period ended 30 September 2019, no ordinary shares were repurchased.

During the financial period ended 30 September 2019, no ordinary shares were issued in respect of the conversion of share options.

As at 30 September 2019, the company has 1,458,446,772 issued and fully paid ordinary shares (including 79,790,100 treasury shares).

SHARE OPTIONS

As at 30 September 2019, there was unexercised share option for 3,292,334 unissued ordinary shares (30 September 2018: 3,824,973) under the Raffles Education Corporation Employees' Share Option Schemes.

TREASURY SHARES

As at 30 September 2019, there were 79,790,100 treasury shares (30 September 2018: 79,790,100).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediate preceding year.

The total number of issued shares was 1,378,656,672 (excluding treasury shares) as at 30 September 2019 (30 June 2019: 1,378,656,672).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfer, disposal, cancellation and/or use of treasury shares for the financial period ended 30 September 2019.

2. Whether the figures have been audited or reviewed and in accordance with which standard (e.g. the Singapore Standard on Review Engagements (SSRE) 2400, or an equivalent standard)

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has consistently applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited annual financial statements as at 30 June 2019, except as disclosed in note 5 below.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

In the current financial year, the Group has adopted all applicable new/amended/revised Singapore Financial Reporting Standards (International) ("SFRS(I)") that are relevant to its operations and effective for the current financial year beginning on 1 July 2019. Except as stated below, the adoption of these new/revised SFRS(I) does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

SFRS(I) 16 Leases

On 1 July 2019, the Group adopted the SFRS(I) 16 – *Leases* that is mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the SFRS(I) 16.

SFRS(I) 16 supersedes SFRS(I) 1-17 Leases and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. SFRS(I) 16 requires lessees to capitalise all leases on the statement of financial position by recognising a "right-of-use" asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the lease assets will be depreciated and the lease liabilities will be measured at amortised cost.

From the perspective of a lessor, the classification and accounting for operating and finance leases remain substantially unchanged under SFRS(I) 16. SFRS(I) 16 also requires enhanced disclosures by both lessees and lessors.

The Group has initially applied SFRS(I) 16 in the financial year beginning on 1 July 2019 using the modified retrospective approach in accordance with the transitional provisions. Upon the adoption of SFRS(I) 16, the Group has capitalised its rented office premise and office equipment on the statements of financial position by recognizing them as "right-of-use" assets and their corresponding lease liabilities for the present value of future lease payments of an equal amount $3,633,000 at 1 July 2019. Comparative information has not been restated and continues to be reported under SFRS(I) 1-17.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

Earnings Per Share (EPS) based on net profit attributable to shareholders of the Group	Group		Change +/(-) %
	First Quarter ended 30/09/19	First Quarter ended 30/09/18	
i) Based on the weighted average number of shares (in cents)	0.03	-0.06	NM
- Weighted average number of shares	1,378,656,672	1,378,656,672	
ii) On a fully diluted basis (in cents)	0.03	-0.06	NM
- Adjusted weighted average number of shares	1,378,656,672	1,378,656,672	

NM – Not meaningful

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

NET ASSET VALUE (NAV)	Group		Change +/(-) %	Company		Change +/(-) %
	30/09/19	30/06/19		30/09/19	30/06/19	
NAV per ordinary share (in cents)	45.26	46.05	(2)	27.49	27.70	(1)

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss 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

(1) Increase in revenue by 11% from $23.4 million for FY2019 Q1 to $25.9 million for FY2020 Q1 mainly due to:

a) Increase in ASEAN revenue by $1.6 million from $8.4 in FY2019 Q1 to $10.0 million in FY2020 Q1; and

b) Increase in People's Republic of China revenue by $0.5 million from $13.2 in FY2019 Q1 to $13.7 million in FY2020 Q1.

(2) Increase in finance costs by 14% from $3.8 million for FY2019 Q1 to $4.4 million for FY2020 Q1 mainly due to amortisation of finance costs for the purchase consideration of the Campus Facilities by Tianjin University of Commerce Boustead College.

(3) Increase in depreciation and amortisation expenses by 11% from $3.4 million for FY2019 Q1 to $3.8 million for FY2020 Q1 mainly due to recognition of depreciation charge for right-of-use assets upon the adoption of SFRS(I) 16 on 1 July 2019.

(4) The Group recorded $9.1 million in currency translation loss arising from the consolidation of foreign operations. The currency translation loss arose mainly from the translation of Oriental University Holdings (H.K.) Limited and Oriental University Limited net asset value.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on (Cont'd)

COMMENTARY ON THE GROUP STATEMENT OF FINANCIAL POSITION (AS AT 30 SEPTEMBER 2019 AND 30 JUNE 2019)

(5) Decrease in property, plant and equipment from $446.0 million in FY2019 ("ended 30 June 2019") to $445.8 million in FY2020 Q1 ("ended 30 September 2019") mainly due to:

(a) Depreciation charge of $3.4 million; and

(b) Loss on foreign currency translation of $0.1 million.

Decrease was offset by:

(c) Additions of $3.4 million mainly from:

i) Tianjin University of Commerce Boustead College of $2.4 million mainly for the construction work in progress of the new student hostel;

ii) Raffles American School in Iskandar, Johor of $0.2 million; and

iii) Raffles University in Iskandar, Johor of $0.2 million.

(6) Right-of-use assets and lease liabilities as at 30 September 2019 were in relation to the adoption of SFRS(I) 16 on 1 July 2019.

(7) Decrease in investment properties from $477.6 million in FY2019 to $403.7 million in FY2020 Q1 was mainly due to the reclassification to assets held for sale of $70.1 million (refer to item 8.10) for the proposed disposal of Sale Property in Parramatta, New South Wales, Australia which is pending shareholders' approval in the Extraordinary General Meeting to be convened on 16 November 2019.

The proposed disposal of Sale Property is in line with the Group's intention to streamline its assets, thereby strengthening the Group's financial position by FY2020 Q2.

The estimated balance of purchase consideration receivable for the Sale Property will amount to approximately $63.8 million of which:

(a) $53.0 million will be utilised to pay down mortgage loans; and

(b) $10.8 million will be available to finance the Group's working capital and other debt repayments.

(8) Decrease in non-current other receivable from $54.6 million in FY2019 to $nil in FY2020 Q1 was mainly due to the reclassification of non-current other receivable in FY2019 to current other receivables of $54.5 million in FY2020 Q1 in relation to the amount due from disposal of subsidiary, Langfang Development Zone Oriental University City Sino-Singapore Education Investment Co., Ltd. (refer to item 8.9b).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on (Cont'd)

COMMENTARY ON THE GROUP STATEMENT OF FINANCIAL POSITION (AS AT 30 SEPTEMBER 2019 AND 30 JUNE 2019) (CONT"D)

(9) Breakdown of current trade and other receivables as follows:

	30/09/19 $'000	30/06/19 $'000
Current trade receivables:		
Trade receivables, (net)[(a)]	13,447	2,298
Current other receivables:		
Third parties	985	885
Receivable from disposal of subsidiary[(b)]	54,472	16,352
Prepayments[(c)]	9,814	5,413
Deposits	8,089	8,125
Receivable from former joint venture	27	145
Joint ventures	9,055	9,003
Tax recoverable	1,531	1,536
Others	796	518
	84,769	41,977
Total current trade and other receivables	98,216	44,275

Notes to current trade and other receivables:

a) Increase in trade receivables from $2.3 million in FY2019 to $13.4 million in FY2020 Q1 was mainly due to the annual billing cycle for Tianjin University of Commerce Boustead College, Wanbo Institute of Science & Technology and Oriental University Holdings (H.K.) Limited.

b) Current portion of amount due from disposal of subsidiary, Langfang Development Zone Oriental University City Sino-Singapore Education Investment Co., Ltd. (refer to item 8.8).

c) Included an amount of $2.4 million (FY2019: $nil) recorded as prepayment for construction work in progress of the new student hostel in Tianjin University of Commerce Boustead College.

(10) As stated in item 8.7, assets classified as held for sale of $70.1 million in FY2020 Q1 relates to the proposed disposal of Sale Property in Parramatta, New South Wales, Australia which is currently pending shareholders' approval.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on (Cont'd)

COMMENTARY ON THE GROUP STATEMENT OF FINANCIAL POSITION (AS AT 30 SEPTEMBER 2019 AND 30 JUNE 2019) (CONT'D)

(11) Breakdown of current trade and other payables as follows:

	30/09/19 $'000	30/06/19 $'000
Current trade payables:		
Third parties	2,883	3,284
Current other payables:		
Other accruals	14,474	14,439
Accrual for property and land use tax	40	100
Accrual for business tax	1,139	838
Accruals for capital expenditure	1,578	6,170
Amount due to a Director	18,268	15,767
Payable for assignment of the dividend from non-controlling interest in subsidiary	6,581	3,265
Payable for purchase of Campus Facilities by BC	13,124	6,815
Other payables	6,811	4,805
	62,015	52,199
Total current trade and other payables	64,898	55,483

(12) Increase in course fees received in advance from $12.4 million in FY2019 to $39.7 million in FY2020 Q1 was mainly due to annual fee collections from students in Tianjin University of Commerce Boustead College ("BC") and Wanbo Institute of Science & Technology. Course fees received in advance will be recognised as revenue over the next 3 financial quarters in FY2020.

(13) Increase in education facilities rental service received in advance from $1.2 million in FY2019 to $10.7 million in FY2020 Q1 was mainly due to annual education facilities rental service fees from colleges in Oriental University Holdings (H.K.) Limited. This deferred income will be recognised as revenue over the next 3 financial quarters in FY2020.

(14) Decrease in borrowings from $380.1 million in FY2019 to $378.0 million in FY2020 Q1 was mainly due to:

(a) Repayment of $6.9 million borrowings.

Decrease was mainly offset by:

(b) Drawdown of $3.3 million borrowings by OUC Malaysia Sdn Bhd for working capital.

(c) Drawdown of $0.8 million borrowings by Raffles American School in Iskandar, Johor for working capital.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on (Cont'd)

COMMENTARY ON THE GROUP STATEMENT OF FINANCIAL POSITION (AS AT 30 SEPTEMBER 2019 AND 30 JUNE 2019) (CONT'D)

(15) Non-current trade and other payables mainly relate to non-current portion of amount payable for Campus Facilities of $18.6 million (FY2019: $25.1 million) by Tianjin University of Commerce Boustead College.

(16) Breakdown of deferred tax liabilities for FY2020 Q1 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 2019	652	48,848	14,177	(36)	63,641
Credited to profit or loss	(21)	-	-	15	(6)
Foreign currency realignment	2	(566)	(206)	(1)	(771)
Balance at 30 Sep 2019	**633**	**48,282**	**13,971**	**(22)**	**62,864**

Included in the above provision of $48.2 million pertaining to fair value adjustment on investment properties, is an amount of $12.0 million for prior years' deferred tax provision for fair value gains on the Sale Property mentioned in item 8.7.

Once the disposal of the Sale Property is completed by FY2020 Q2, this $12.0 million deferred tax provision will be reversed.

(17) Non-controlling interests as at 30 September 2019 represent mainly the non-controlling shareholders' equity interests in Oriental University Holdings (H.K.) Limited.

COMMENTARY ON THE GROUP STATEMENT OF CASHFLOWS

(18) Net cash from operating activities amounted to $26.4 million.

(19) Major cash inflows were:

a) Drawdown of bank borrowings of $4.1 million;

b) Loan from a Director of $2.6 million; and

c) Proceeds from disposal of a subsidiary of $16.5 million.

(20) Major cash outflows were for:

a) Purchase of property, plant and equipment of $10.8 million; and

b) Repayment of borrowings of $6.9 million.

(21) The Group's cash position was $39.0 million at the end of FY2020 Q1 (FY2019 Q1: $45.1 million).

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

No forecast was made. The Group's operations are generally in line as stated in item 10 of the Group's results announcement for the financial year ended 30 June 2019.

10. 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 challenging global education environment, currency volatility and increasing competition continue to impact the Group.

The Group continues to streamline and restructure its operations for better cost management and improved efficiency.

11. 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.

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared for the current financial period.

13. 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.

14. Negative assurance confirmation on first quarter financial results pursuant to Rule 705(5) of the Listing Manual

The Board confirms that to the best of its knowledge, nothing has come to its attention which may render the financial results of the three months ended 30 September 2019 to be false or misleading in any material aspect. A statement signed by two directors is on record.

15. 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.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Not applicable.

17. A breakdown of sales

Not applicable.

18 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
12 November 2019