

FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2023

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

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Note (Page 17- 19)	Group		
		First half ended 31 Dec 2023 \$'000	First half ended 31 Dec 2022 \$'000	Change %
Revenue	F 2.1	56,752	53,842	5
Other operating income	F 2.2	1,432	615	133
Personnel expenses		(20,694)	(20,938)	-1
Other operating expenses	F 2.3	(17,332)	(21,444)	-19
Finance costs	F 2.4	(10,441)	(9,358)	12
Depreciation and amortisation expenses	F 2.5	(8,868)	(9,330)	-5
Share of results of associates	F 2.6	(159)	(277)	-43
Operating profit/(loss) before income tax		690	(6,890)	-110
Foreign exchange gain	F 2.7	10,592	24,188	-56
Foreign exchange loss	F 2.8	(9,299)	(10,948)	-15
Profit before income tax		1,983	6,350	-69
Income tax expense	F 2.9	(513)	(1,020)	-50
Deferred tax credit	F 2.9	11	41	-73
Profit after tax		1,481	5,371	-72
Other comprehensive loss Items that may be reclassified subsequently to profit or loss:				
Currency exchange differences arising on translating foreign operations	F 2.10	(3,606)	(60,229)	-94
Total comprehensive loss		(2,125)	(54,858)	-96
Attributable to:				
Equity holders of the Company		2,104	6,276	-66
Non-controlling interests		(623)	(905)	-31
Net income		1,481	5,371	-72
Attributable to:				
Equity holders of the Company		(1,171)	(46,800)	-97
Non-controlling interests		(954)	(8,058)	-88
Total comprehensive loss		(2,125)	(54,858)	-96
Earnings per share for profit for the period attributable to the owners of the Company during the period:				
Basic (cents)		0.15	0.46	
Diluted (cents)		0.15	0.46	

Condensed Interim Statements of Financial Position

UNAUDITED STATEMENTS OF FINANCIAL POSITION	Note (Page 20 - 22)	Group		Company	
		31 Dec 2023 \$'000	30 June 2023 \$'000	31 Dec 2023 \$'000	30 June 2023 \$'000
Non-current assets					
Property, plant and equipment	F 2.11	470,675	475,316	288	4
Right-of-use assets	F 2.12	11,235	12,580	-	-
Investment properties		382,499	381,908	-	-
Investment in subsidiaries		-	-	428,701	427,548
Investment in associates		3,231	3,435	-	-
Intangible assets		100,652	101,119	78	83
Deferred tax assets		724	742	-	-
Other receivables	F 2.13	7,902	14,535	49,912	46,597
Restricted bank balances		2,164	2,188	-	-
		979,082	991,823	478,979	474,232
Current assets					
Inventories		59	61	-	-
Trade and other receivables	F 2.14	32,951	33,577	363,266	334,257
Cash and bank balances		47,624	56,311	494	536
		80,634	89,949	363,760	334,793
Non-current assets held for sale		68,267	68,267	-	-
		148,901	158,216	363,760	334,793
Less:					
Current liabilities					
Trade and other payables	F 2.15	47,308	52,656	417,034	377,895
Course fees received in advance	F 2.16	37,259	21,219	-	-
Education facilities rental service fees received in advance		1,654	1,496	-	-
Income tax payable		15,440	15,631	52	51
Borrowings	F 2.17	159,128	176,002	25,609	27,970
Lease liabilities	F 2.18	1,728	2,793	-	-
		262,517	269,797	442,695	405,916
Net current liabilities	F 2.19	(113,616)	(111,581)	(78,935)	(71,123)
Less:					
Non-current liabilities					
Trade and other payables	F 2.20	6,146	9,592	-	-
Borrowings	F 2.17	91,197	99,516	35,451	34,904
Lease liabilities	F 2.18	10,221	10,377	-	-
Deferred tax liabilities	F 2.21	63,816	64,932	-	-
		171,380	184,417	35,451	34,904
Net assets		694,086	695,825	364,593	368,205
Capital and reserves					
Share capital		554,599	554,337	554,599	554,337
Treasury shares		(37,798)	(38,817)	(37,798)	(38,817)
Accumulated profits/(losses) and other reserves		82,377	84,443	(152,208)	(147,315)
Equity attributable to equity holders of the Company		599,178	599,963	364,593	368,205
Non-controlling interests		94,908	95,862	-	-
Total equity		694,086	695,825	364,593	368,205

Condensed Interim Statements of Changes in Equity

GROUP	Attributable to equity holders of the Company									Non-controlling interests	Total equity
	Share capital	Treasury shares	Revaluation reserve	Treasury shares reserve	Convertible bonds reserve	Foreign currency translation reserve	Share-based payments reserve	Accumulated profits	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
FY2024											
Balance at 1 Jul 2023	554,337	(38,817)	8,304	(758)	5,150	(67,117)	2,642	136,222	599,963	95,862	695,825
Total comprehensive loss	-	-	-	-	-	(3,275)	-	2,104	(1,171)	(954)	(2,125)
Issuance of ordinary shares	262	-	-	-	-	-	-	-	262	-	262
Share-based payment	-	1,019	-	(895)	-	-	-	-	124	-	124
Balance at 31 Dec 2023	554,599	(37,798)	8,304	(1,653)	5,150	(70,392)	2,642	138,326	599,178	94,908	694,086
FY2023											
Balance at 1 Jul 2022	554,337	(39,683)	8,304	-	-	8,041	2,642	141,527	675,168	110,055	785,223
Total comprehensive loss	-	-	-	-	-	(53,076)	-	6,276	(46,800)	(8,058)	(54,858)
Issuance of convertible bonds	-	-	-	-	5,150	-	-	-	5,150	-	5,150
Balance at 31 Dec 2022	554,337	(39,683)	8,304	-	5,150	(45,035)	2,642	147,803	633,518	101,997	735,515

COMPANY	Share capital	Treasury shares	Treasury shares reserve	Convertible bonds reserve	Share-based payment reserve	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
FY2024							
Balance at 1 Jul 2023	554,337	(38,817)	(758)	5,150	2,642	(154,349)	368,205
Total comprehensive loss	-	-	-	-	-	(3,998)	(3,998)
Issuance of ordinary shares	262	-	-	-	-	-	262
Share-based payment	-	1,019	(895)	-	-	-	124
Balance at 31 Dec 2023	554,599	(37,798)	(1,653)	5,150	2,642	(158,347)	364,593
FY2023							
Balance at 1 Jul 2022	554,337	(39,683)	-	-	2,642	(165,534)	351,762
Total comprehensive income	-	-	-	-	-	10,399	10,399
Issuance of convertible bonds	-	-	-	5,150	-	-	5,150
Balance at 31 Dec 2022	554,337	(39,683)	-	5,150	2,642	(155,135)	367,311

Condensed Interim Consolidated Statement of Cash Flows

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS	Note (Page 23)	First half ended 31 Dec 2023 \$'000	First half ended 31 Dec 2022 \$'000
Operating activities			
Profit before income tax		1,983	6,350
Adjustments for:			
Depreciation for property, plant and equipment		7,250	8,722
Amortisation for right-of-use assets		1,509	486
Reversal of loss allowance on trade receivables		(20)	(7)
Amortisation of intangible assets		109	122
Bad trade receivables written off		12	123
Finance costs		10,441	9,358
Interest income		(1,126)	(151)
Gain on disposal of property, plant and equipment, net		-	(8)
Loss on disposal of right-of-use assets		3	-
Property, plant and equipment written off		9	-
(Gain)/loss on lease modification		(4)	286
Share of results of associates		159	277
Unrealised foreign exchange gain, net		(2,235)	(18,078)
Operating cash flows before working capital changes		18,090	7,480
Working capital changes:			
Inventories		2	(4)
Trade and other receivables		7,558	(2,872)
Course fees received in advance		16,025	15,807
Education facilities rental service received in advance		151	(1)
Trade and other payables		(2,689)	(1,542)
Cash generated from operations		39,137	18,868
Interest paid		(8,021)	(8,144)
Interest received		1,125	151
Income and withholding taxes paid		(1,512)	(2,964)
Net cash from operating activities	F 2.22	30,729	7,911
Investing activities			
Additions for development cost and computer software		(3)	(5)
Additions of investment properties		(1,197)	(2,125)
Additions of right-of-use assets		-	(352)
Payments for property, plant and equipment	F 2.24	(8,374)	(10,364)
Proceeds from sale of property, plant and equipment		1	29
Proceeds from disposal of right-of-use assets		1	-
Proceeds from disposal of subsidiary		-	12,651
Return of share capital from joint venture		-	218
Net cash (used in)/generated from investing activities		(9,572)	52

Condensed Interim Consolidated Statement of Cash Flows (continued)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS	Note (Page 23)	First half ended 31 Dec 2023 \$'000	First half ended 31 Dec 2022 \$'000
Cash flows from financing activities			
Decrease/(increase) in bank balances pledged and restricted cash, net	F 2.23	18,886	(5)
Proceeds from issuance of convertible bonds		-	37,809
Advance from/(repayment to) a director - net	F 2.23	2,145	(4,349)
Repayment of advance from third party	F 2.24	(3,666)	-
Drawdown of bank borrowings	F 2.23	9,738	-
Repayment of bank borrowings	F 2.24	(36,355)	(52,202)
Repayment of principal portion of lease liabilities		(1,436)	(558)
Repayment of interest portion of lease liabilities		(337)	(54)
Net cash used in financing activities		(11,025)	(19,359)
Net change in cash and cash equivalents		10,132	(11,396)
Cash and cash equivalents at beginning of financial period		24,206	37,423
Cash and cash equivalents at end of financial period – Note A	F 2.25	34,338	26,027

Note A:

	Note (Page 23)	First half ended 31 Dec 2023 \$'000	First half ended 31 Dec 2022 \$'000
Cash and cash equivalents			
<u>Current</u>			
Fixed deposits with banks		13,286	24,357
Cash and bank balances		34,338	26,027
Restricted bank balances		-	523
<u>Non-current</u>			
Restricted bank balances		2,164	2,109
Cash and bank balances in the statement of financial position		49,788	53,016
Less: pledged deposits and restricted bank balances		(15,450)	(26,989)
Cash and cash equivalents in the statement of cash flow	F 2.25	34,338	26,027

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 half year ended 31 December 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 2023.

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

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

Going Concern

As at 31 December 2023, the Group's and the Company's current liabilities exceeded its current assets by \$113.6 million and \$78.9 million respectively. These condensed interim financial statements of the Group and the Company have been prepared on a going concern basis taking into consideration the following:

1. Positive cash flow generation from its operations based on the cash flow forecast;
2. The Group is confident that its lenders will continue to provide support to the Group;
3. The Group's ability to refinance its existing borrowings when necessary with financial institutions;
4. The Group's ability to realise certain of its assets through sale/lease of its properties. The proposed sale process of the Group's property located at 51 Merchant Road is on-going; and
5. The Company has the ability to tap funds from its shareholders and the capital markets.

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

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

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

2 Basis of Preparation (continued)

2.1 New and amended standards adopted by the Group

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

2.2 Use of estimates and judgements

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2022.

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

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

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

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

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

3 Seasonal operations

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

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 Economy and Technology 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				
	First half ended 31 Dec 2023				
	Education	Education Facilities Rental Service	Education Real Estate Investment & Development	Corporate & Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	51,657	4,500	595	-	56,752
Inter-segment revenue	227	529	802	2,209	3,767
Interest income	214	2	909	-	1,125
Finance cost	(2,025)	(1,524)	(419)	(6,473)	(10,441)
Depreciation and amortisation	(6,118)	(418)	(2,311)	(21)	(8,868)
Share of results from associates	(18)	(141)	-	-	(159)
Reportable segment profit/(loss) before income tax	11,974	(351)	(2,603)	(7,037)	1,983
Net profit/(loss) for the financial period	11,537	(451)	(2,469)	(7,136)	1,481
<u>Other information:</u>					
Additions to property, plant and equipment	3,856	12	84	302	4,254
Additions to investment properties	-	899	-	-	899
Additions to intangible assets	-	-	-	3	3
Additions to right-of-use assets	242	-	-	-	242
Investment in associates	195	3,036	-	-	3,231
Segment assets	384,394	279,103	229,952	80,139	973,588
Segment liabilities	(107,929)	(47,610)	(34,254)	(164,848)	(354,641)

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

4.1 Reportable Segments (continued)

	Group				Total \$'000
	First half ended 31 Dec 2022				
	Education \$'000	Education Facilities Rental Service \$'000	Education Real Estate Investment & Development \$'000	Corporate & Others \$'000	
Revenue from external customers	49,193	3,933	715	1	53,842
Inter-segment revenue	67	635	623	2,461	3,786
Interest income	136	3	8	4	151
Gain on disposal of property, plant and equipment, net	8	-	-	-	8
Finance cost	(3,532)	(1,518)	(224)	(4,084)	(9,358)
Depreciation and amortisation	(5,456)	(435)	(2,439)	(1,000)	(9,330)
Share of results from associates	(7)	(270)	-	-	(277)
Reportable segment profit/(loss) before income tax	6,386	(690)	(5,667)	6,321	6,350
Net profit/(loss) for the financial period	5,486	(707)	(5,585)	6,177	5,371
<u>Other information:</u>					
Additions to property, plant and equipment	789	82	36	66	973
Additions to investment properties	-	1,110	-	-	1,110
Additions to intangible assets	5	-	-	-	5
Additions to right-of-use assets	12,490	-	-	-	12,490
Investment in associates	224	3,025	-	-	3,249
Segment assets	413,852	309,709	238,351	79,345	1,041,257
Segment liabilities	(145,160)	(44,834)	(36,939)	(156,579)	(383,512)

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

4.2 Disaggregation of Revenue

Operating Segment	Group					Total
	First half ended 31 Dec 2023					
	Education	Education Facilities Rental Service	Real Estate Investment & Development	Corporate & Others		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Course fee	46,709	-	-	-	-	46,709
Rental income from investment properties	-	4,500	595	-	-	5,095
Student accommodation fee	1,583	-	-	-	-	1,583
Canteen operation	571	-	-	-	-	571
Other fees	2,794	-	-	-	-	2,794
Total revenue	51,657	4,500	595	-	-	56,752
Geographical information	ASEAN	North Asia	South Asia	Australasia	Europe	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Course fee	21,143	24,078	211	-	1,277	46,709
Rental income from investment properties	-	4,609	-	-	486	5,095
Student accommodation fee	-	1,583	-	-	-	1,583
Canteen operation	514	57	-	-	-	571
Other fees	2,280	514	-	-	-	2,794
Total revenue	23,937	30,841	211	-	1,763	56,752
Operating Segment	Group					Total
	First half ended 31 Dec 2022					
	Education	Education Facilities Rental Service	Real Estate Investment & Development	Corporate & Others		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Course fee	45,908	-	-	-	-	45,908
Rental income from investment properties	-	3,934	715	1	-	4,650
Student accommodation fee	1,606	-	-	-	-	1,606
Canteen operation	431	-	-	-	-	431
Other fees	1,247	-	-	-	-	1,247
Total revenue	49,192	3,934	715	1	-	53,842
Geographical information	ASEAN	North Asia	South Asia	Australasia	Europe	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Course fee	18,040	26,588	231	-	1,049	45,908
Rental income from investment properties	1	4,196	-	-	453	4,650
Student accommodation fee	-	1,606	-	-	-	1,606
Canteen operation	349	82	-	-	-	431
Other fees	916	331	-	-	-	1,247
Total revenue	19,306	32,803	231	-	1,502	53,842

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

5 Financial assets and financial liabilities

	Group		Company	
	31 Dec 2023 \$'000	30 Jun 2023 \$'000	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Financial Assets				
Trade and other receivables (excluding prepayments & value added tax recoverable)	34,049	34,326	413,108	380,786
Cash and cash equivalents	49,788	58,499	494	536
Financial Liabilities				
Trade and other payables (excluding accruals for business, property and land taxes)	46,497	52,965	417,034	377,895
Borrowings	250,325	275,518	61,060	62,874
Lease liabilities	11,949	13,170	-	-

6 Profit before taxation

	First half ended 31 Dec 2023 \$'000	First half ended 31 Dec 2022 \$'000
<u>Included in Other Operating Income</u>		
Interest income	1,126	151
Government grant	38	144
Gain on disposal of property, plant and equipment, net	-	8
Reversal of loss allowance on trade receivables	20	7
<u>Included in Other Operating Expenses</u>		
Loss on disposal of right-of-use assets	(3)	-
Trade receivables written off	(12)	(123)
Lease expenses	(349)	(387)
Property, plant and equipment written off	(9)	-

ADJUSTED EBITDA	First half ended 31 Dec 2023 \$'000	First half ended 31 Dec 2022 \$'000
Profit after tax	1,481	5,371
<u>Add/(less):</u>		
Government grant	(38)	(144)
Finance costs	10,441	9,358
Net income tax and deferred tax expense	502	979
Depreciation and amortisation	8,868	9,330
Net foreign exchange gain	(1,293)	(13,240)
Property, plant and equipment written off	9	-
Net gain on disposal of property, plant and equipment	-	(8)
Adjusted EBITDA	19,970	11,646

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

7 Taxation

The Group calculates income tax expense for the period 31 December 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:

	First half ended 31 Dec 2023 \$'000	First half ended 31 Dec 2022 \$'000
<u>Income tax expense</u>		
Current financial period	(632)	(1,112)
Overprovision of income tax expense in prior financial periods	119	92
<u>Deferred tax credit</u>		
Current financial period	11	28
Overprovision of deferred tax expense in prior financial periods	-	13

8 Net asset value

	Group		Company	
	As at 31 Dec 2023 \$	As at 30 Jun 2023 \$	As at 31 Dec 2023 \$	As at 30 Jun 2023 \$
Net asset value to equity holders of the Company (million)	599.178	599.963	364.593	368.205
Net asset value per ordinary share (cents)	43.18	43.46	26.27	26.67

The calculation of net asset value per ordinary share was based on 1,387,646,472 shares (excluding treasury shares) as at 31 Dec 2023 (30 Jun 2023: 1,380,397,472).

9 Property, plant and equipment

During the period, the Group acquired assets amounting to \$4,254,000 (31 Dec 2022: \$973,000).

10 Investment Properties

	Group	
	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Beginning of financial period/year	381,908	435,109
Additions	899	4,113
Disposal	-	(21,924)
Fair value gain recognised in profit or loss	-	(4,394)
Currency translation differences	(308)	(30,996)
Balance at end of financial period/year	382,499	381,908

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

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

10 Investment Properties (continued)

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

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

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

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

The Group revalues its investment properties on an annual basis at every year end and were based on information available and market conditions.

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 (2023: 3.2% - 8.0% per annum)	Increase in capitalisation rate would result in lower fair value.
	Monthly rental rate	\$3.3 - \$77.6 per sqm (2023: \$3.3 - \$77.6 per sqm)	Increase in monthly rental rate would result in higher fair value.
Direct comparison approach	Price per square metre	\$89.9 - \$1,107.9 per sqm (2023: \$89.9 - \$1,107.9 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 2023	99,286	2,286	2,842	113	104,527
Additions	-	-	-	3	3
Currency translation differences	(401)	51	(18)	(2)	(370)
At 31 Dec 2023	98,885	2,337	2,824	114	104,160

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 2023	-	515	2,799	94	3,408
Amortisation	-	94	15	-	109
Currency translation differences	-	11	(17)	(3)	(9)
At 31 Dec 2023	-	620	2,797	91	3,508
Carrying amount					
At 31 Dec 2023	98,885	1,717	27	23	100,652
Company					
			Trademarks & licenses \$'000	Computer software \$'000	Total \$'000
Cost					
At 1 Jul 2023 and 31 Dec 2023			228	51	279
Accumulated amortisation & impairment					
At 1 Jul 2023			168	28	196
Amortisation			1	4	5
At 31 Dec 2023			169	32	201
Carrying amount					
At 31 Dec 2023			59	19	78

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 6.4% to 13.6%

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

12 Borrowings

	Group	
	31 Dec 2023 \$'000	30 Jun 2023 \$'000
<u>Amount repayable in one year or less, or on demand:</u>		
Secured ^{1, 2, 3}	144,997	167,875
Unsecured	14,131	8,127
	159,128	176,002
<u>Amount repayable after one year:</u>		
Secured ^{1,2,3}	55,745	64,612
Unsecured convertible bonds	35,325	34,670
Unsecured	127	234
	91,197	99,516
Total borrowings	250,325	275,518
RE Group (exclude OUCHK Group, Hong Kong GEM listed)	206,264	226,881
OUCHK Group (75% owned by RE)	44,061	48,637
Total borrowings	250,325	275,518

Details of securities

1. Property mortgage loans of \$173,759,000.
2. Bank borrowings of \$11,479,000 were secured by standby letter of credit based on cash deposit with the bank of \$13,286,000.
3. Bank borrowings of \$15,506,000 were secured by certain properties in Switzerland and restricted bank balances of \$2,164,000.

13 Share Capital

	Group and Company			
	31 Dec 2023		30 Jun 2023	
	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	1,463,646	554,599	1,458,446	554,337

The total number of issued shares was 1,387,646,472 (excluding treasury shares) as at 31 December 2023 (30 June 2023: 1,380,397,472). The increase was due to:

1. Issuance of 5,000,000 new ordinary shares pursuant to conversion of placement bonds on 10 August 2023;
2. Issuance of 200,000 new ordinary shares pursuant to conversion of right issue bonds on 25 October 2023; and

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

13 Share Capital (continued)

3. Transfer of 2,049,000 treasury shares to Directors as settlement of the share component of the directors' fees of its non-executive directors for the financial year ended 30 June 2023.

There was a decrease to 76,000,300 treasury shares as at 31 December 2023 (30 June 2023: 78,049,300) following the transfer of 2,049,000 treasury shares as mentioned above.

As at 31 December 2023, there was unexercised share option for 1,780,000 unissued ordinary shares (30 June 2023: 1,860,000) under the Raffles Education Corporation Employees' Share Option Scheme (Year 2011).

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 31 December 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 6-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 HALF YEAR ENDED 31 DECEMBER 2023

(1) Revenue

Increase in revenue from \$53.8 million for 1st half FY2023 to \$56.8 million in 1st half FY2024 was mainly due to:

- (a) Revenue from ASEAN colleges increased by \$4.6 million from \$19.3 million for 1st half FY2023 to \$23.9 million for 1st half FY2024 due to higher student enrolments. The student numbers in ASEAN has grown up by 19% from comparative period.

Offset by:

- (b) Revenue from colleges in People's Republic of China ("PRC") decreased by \$2.1 million from \$28.3 million for 1st half FY2023 to \$26.2 million for 1st half FY2024 due to decrease in student enrolments.

(2) Other operating income

Increase in other operating income from \$0.6 million in 1st half FY2023 to \$1.4 million in 1st half FY2024 was mainly due to interest income received from matured fixed deposits pledged with bank.

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

COMMENTARY ON THE GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

(3) Other operating expenses

Decrease in other operating expenses from \$21.4 million in 1st half FY2023 to \$17.3 million in 1st half FY2024 was mainly due to:

- (a) Decrease in professional fees incurred in 1st half FY2024;
- (b) 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 1st half FY2023; and

Offset by:

- (c) Increase in marketing expenses which is in tandem with the increase in student numbers for some of the Group's education institutions.

(4) Finance costs

Increase in finance costs from \$9.4 million for 1st half FY2023 to \$10.4 million for 1st half FY2024 was mainly due to:

- (a) Increase in interest expenses incurred by Raffles Assets (Singapore) Pte Ltd ("RA") as a result of increase in borrowing rate from 3.1% in 1st half FY2023 to 6.27% in 1st half FY2024 which arose due to increase in SIBOR/SORA rate;
- (b) Increase in interest expenses incurred by the Company as a result of additional borrowing drawdown in March 2023;
- (c) Increase in interest expenses accrued for convertible bonds ("CBs") as the CBs were issued in September 2022 which is less than 6 months in 1st half FY2023 compared with 1st half FY2024; and

Offset by:

- (d) Decrease in interest expenses incurred by Raffles K12 Sdn Bhd as a result of repayments of borrowings.

(5) Depreciation and amortisation expenses

Decrease in depreciation and amortisation expenses from \$9.3 million for 1st half FY2023 to \$8.9 million for 1st half FY2024 was mainly due to:

- (a) Decrease in depreciation expenses for property, plant and equipment in RA as it has classified as non-current assets held for sale in June 2023 and hence no depreciation expense is recognised during the period in relation to assets classified as non-current held for sale;
- (b) Weakening of Renminbi when translating depreciation expenses into the Group's presentation currency in Singapore Dollar; and

Offset by:

- (c) Increase in depreciation expenses for right of use assets was mainly due to office rent at 111 Somerset Road in Singapore.

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

COMMENTARY ON THE GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	Half year ended 31/12/23 \$'000	Half year ended 31/12/22 \$'000
Depreciation expenses for property, plant and equipment	7,250	8,722
Depreciation expenses for right-of-use assets	1,509	486
Amortisation expenses for intangible assets	109	122
Total depreciation and amortisation expenses	8,868	9,330

(6) Share of results of associates

Decrease in share of results of associate from (\$0.3) million for 1st half FY2023 to (\$0.2) million for 1st half FY2024 was mainly due to the reduction in loss incurred by Axiom Properties Limited ("Axiom"), an associate of OUCHK in 1st half FY2024. Axiom is listed on Australian Securities Exchange (ASX: AXI).

(7) Foreign exchange gain

The foreign exchange gain in 1st half FY2024 were mainly due:

- (a) During periods when Singapore Dollar strengthened against Renminbi and United States Dollar for foreign currency denominated financial liabilities; and
- (b) During periods when Malaysia Ringgit and Thai Baht strengthened against Singapore Dollar for foreign currency denominated financial liabilities.

(8) Foreign exchange loss

The foreign exchange loss in 1st half FY2024 were mainly due:

- (a) During periods when Singapore Dollar weakened against Renminbi for foreign currency denominated financial liabilities;
- (b) During periods when Singapore Dollar strengthened against Renminbi for foreign currency denominated financial assets;
- (c) During periods when Singapore Dollar strengthened against Malaysia Ringgit for foreign currency denominated financial liabilities; and
- (d) During periods when United States Dollar weakened against Renminbi for foreign currency denominated financial assets.

(9) Income tax & deferred tax credit

Decrease in income tax and deferred tax expense from \$1.0 million for 1st half FY2023 to \$0.5 million for 1st half FY2024 was mainly due to lower estimated tax provision in Wanbo Institute of Science & Technology.

(10) Currency translation differences

Currency translation differences, for 1st half FY2024 of \$3.6 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 31 DECEMBER 2023 AND 30 JUNE 2023)

(11) Decrease in property, plant and equipment (“PPE”) from \$475.3 million in FY2023 (“ended 30 June 2023”) to \$470.7 million in 1st half FY2024 (“ended 31 December 2023”) was mainly due to:

(a) Depreciation charge for PPE amounting to \$7.3 million;

(b) Foreign currency translation movement of \$1.7 million;

Offset by:

(c) Additions of \$4.3 million.

(12) Decrease in right-of-use assets from \$12.6 million FY2023 to \$11.2 million 1st half FY2024 was mainly due to depreciation charge during the period.

(13) The other receivables balances are mainly in relation of progressive payments for the acquisition of investment properties in Mongolia and prepayment for refurbishment and construction works of investment properties by Oriental University City Holdings (H.K.) Limited (“OUCHK”).

Decrease in non-current other receivables from \$14.5 million in FY2023 to \$7.9 million in 1st half FY2024 was mainly due to revision of contract terms which resulted in a reduction of prepayment for refurbishment and construction works of investment properties by OUCHK.

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

	31/12/23 \$'000	30/06/23 \$'000
Current trade receivables:		
Third parties, (net)	3,536	3,394
Current other receivables:		
Third parties	1,039	931
Prepayments	5,361	5,127
Deposits	4,499	4,782
Joint ventures and associates ^(a)	18,115	18,914
Tax recoverable	150	165
Others	251	264
	29,415	30,183
Total current trade and other receivables	32,951	33,577

(a) Decrease in amount due from joint ventures and associates were mainly due to foreign currency translation movement of \$0.8 million.

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

COMMENTARY ON THE GROUP STATEMENT OF FINANCIAL POSITION (AS AT 31 DECEMBER 2023 AND 30 JUNE 2023) (CONTINUED)

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

	31/12/23 \$'000	30/06/23 \$'000
Current trade payables:		
Third parties	2,864	2,291
Current other payables:		
Other accruals ^(a)	13,550	12,791
Accruals for property and land use tax	4,664	4,577
Accruals for business tax ^(b)	2,293	4,706
Accruals for capital expenditure ^(c)	718	1,203
Amount due to a director	2,126	-
Payable for purchase of Campus Facilities by BC ^(d)	3,501	7,029
Payable for acquisition of 35.9% equity interest in Hezhong ^(e)	-	1,138
Other payables	17,592	18,921
	44,444	50,365
Total current trade and other payables	47,308	52,656

(a) Increase in other accruals was mainly due to management fee payable to joint venture university and offset by payment of students' admission expenses.

(b) Decrease in accruals for business tax was mainly due to payment of expenses payable upon the receipt of proceeds from the sale of Langfang Development Zone Oriental University City Sino-Singapore Education Investment Co., Ltd. of RMB11.9 million (\$2.2 million) during the period.

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

(d) Decrease in payable for purchase of Campus Facilities by Tianjin University of Commerce Boustead College ("BC") was mainly due to payment made to Hongda during the period.

(e) The amount payable for acquisition of 35.9% equity interest in Hezhong has been fully paid during the period.

(16) Increase in course fees received in advance from \$21.2 million in FY2023 to \$37.3 million in 1st half FY2024 was mainly due to annual fee collections from students in BC. This deferred income will be recognised as revenue over the next two financial quarters in FY2024.

(17) Decrease in total borrowings from \$275.5 million in FY2023 to \$250.3 million in 1st half FY2024 was mainly due to:

(a) Repayment of borrowings during the period of \$36.4 million; and

(b) Offset by drawdown of bank borrowings of \$9.7 million.

The Group's net gearing ratio decreased from 36% in FY2023 to 33% in 1st half FY2024 was calculated by net borrowing divided by equity.

(18) Decrease in lease liabilities from \$13.2 million in FY2023 to \$11.9 million in 1st half FY2024 is mainly due to lease repayments during the period.

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

COMMENTARY ON THE GROUP STATEMENT OF FINANCIAL POSITION (AS AT 31 DECEMBER 2023 AND 30 JUNE 2023) (CONTINUED)

(19) Net current liabilities as at 31 December 2023 was mainly as a result from:

- (a) A mortgage borrowing of \$98.6 million by RA is classified as current borrowings as this mortgage is due for refinancing in May 2024;
- (b) Course fees received in advance of \$37.3 million which will be recognised over the next two financial quarters in FY2024.

The Group's current ratio decreased from 0.59 in FY2023 to 0.57 in 1st half FY2024 was calculated by current assets divided by current liabilities.

(20) Decrease in non-current trade and other payables from \$9.6 million in FY2023 to \$6.1 million in 1st half FY2024 was mainly due to repayment for advance from third party in Oriental University City (Cayman) Limited's Group.

(21) Deferred tax liabilities breakdown for 1st half FY2024 as follows:

	Accelerated tax depreciation on PPE \$'000	Fair value adjustment on investment properties \$'000	Divestment of land and properties \$'000	Others \$'000	Total \$'000
Balance at 1 Jul 2023	2,047	42,493	20,474	(82)	64,932
(Credited)/Charged to profit or loss	(35)	-	-	(5)	(40)
Reclassification	-	(861)	-	-	(861)
Foreign currency realignment	(11)	(128)	(77)	1	(215)
Balance at 31 Dec 2023	2,001	41,504	20,397	(86)	63,816

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

COMMENTARY ON THE GROUP STATEMENT OF CASHFLOWS

(22) Net cash from operating activities amounted to \$30.7 million.

(23) Major contributors of cash inflows were:

- (a) Decrease in restricted bank balance pledged and restricted cash of \$18.9 million;
- (b) Drawdown of bank borrowings of \$9.7 million; and
- (c) Advance received from a director \$2.1 million.

(24) Major cash outflows were for:

- (a) Payments for property, plant & equipment of \$8.4 million;
- (b) Repayment of bank borrowings of \$36.4 million; and
- (c) Repayment of advance from third party of \$3.7 million.

(25) The Group's cash position was \$34.3 million at the end of 1st half FY2024 (1st half FY2023: \$26.0 million).

OTHER DISCLOSURE

The amounts due to the Group by 4 Vallees Pte Ltd ("4 Vallees") (other than the OUCHK) amounted to CHF6,309,103 as at 31 December 2023 (approximately \$9,753,873 based on an exchange rate CHF1.00:S\$1.54600). These amounts represent amounts due to the Group of CHF 6,580,810 (other than the OUCHK) owing by 4 Vallees, which were netted against amounts due from the Group of CHF 271,707 (other than OUCHK) to 4 Vallees.

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

No forecast was made. The Group's operations are generally in line as stated in item F 4 of the Group's results announcement for the financial year ended 30 June 2023.

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.

Prevailing interest rate environment continue to influence 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 first half year ended 31 December 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)

The Board confirms that to the best of its knowledge, nothing has come to its attention which may render the financial results for half year ended 31 December 2023 to be false or misleading in any material aspect. A statement signed by two directors is on record.

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

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

10 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not applicable.

BY ORDER OF THE BOARD

Chew Hua Seng
Chairman
7 February 2024