

Financial Statements for the Third Quarter Ended 31 March 2012

**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 NINE MONTHS CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Group		
	9 months ended 31/03/12 \$'000	(Restated)* 9 months ended 31/03/11 \$'000	Increase/ (Decrease) %
Revenue	108,035	121,411	(11)
Other operating income	32,926	4,370	653
Personnel expenses	(46,219)	(42,757)	8
Depreciation and amortisation expenses	(11,813)	(12,267)	(4)
Other operating expenses	(54,957)	(53,484)	3
Fair value gain on investment properties	23,639	-	NM
Finance costs	(8,271)	(8,383)	(1)
Share of results of associates	231	235	(2)
Profit before income tax	43,571	9,125	377
Income tax expense	(17,736)	(4,392)	304
Net profit	25,835	4,733	446
Other comprehensive income:			
Currency translation differences arising from consolidation of foreign operations	14,995	(27,835)	NM
Total comprehensive income/(loss)	40,830	(23,102)	NM
Attributable to:			
Equity holders of the Company	22,790	5,864	289
Non-controlling interests	3,045	(1,131)	NM
Net profit	25,835	4,733	446
Attributable to:			
Equity holders of the Company	35,917	(19,202)	NM
Non-controlling interests	4,913	(3,900)	NM
Total comprehensive income/(loss)	40,830	(23,102)	NM

NM – Not meaningful

* Refer to paragraph 5

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 NINE MONTHS CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Group		
	9 months ended 31/03/12 \$'000	(Restated)* 9 months ended 31/03/11 \$'000	Increase/ (Decrease) %
Interest income ^{1,2}	1,463	993	47
Gain on disposal of investment properties ¹	413	-	NM
Gain on disposal of available-for-sale financial assets ¹	9,022	-	NM
Gain on disposal of interest in subsidiaries ¹	15,949	-	NM
Write back for doubtful trade receivables	317	2,562	(88)
Bad trade receivables written off	(479)	(459)	4
Foreign exchange gain/(loss), net	1,733	(3,262)	NM
Rental expenses	(10,310)	(10,343)	-
Share-based payments	(387)	(209)	85
Amortisation of finance charge on non-current payables ³	(4,090)	(3,772)	8
Under provision of income tax expense in prior periods	(7,538)	(21)	35,795

NM – Not meaningful

¹ included in other operating income

² included amortization of finance income on non-current receivable of \$666,000 (9MFY2011: Nil)

³ included in finance costs

* Refer to paragraph 5

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)

UNAUDITED THIRD QUARTER CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Group		
	Third Quarter ended 31/03/12 \$'000	(Restated)* Third Quarter ended 31/03/11 \$'000	Increase/ (Decrease) %
Revenue	36,037	37,849	(5)
Other operating income	1,370	1,727	(21)
Personnel expenses	(15,725)	(15,040)	5
Depreciation and amortisation expenses	(3,959)	(3,804)	4
Other operating expenses	(18,712)	(17,204)	9
Fair value gain on investment properties	23,639	-	NM
Finance costs	(2,878)	(2,668)	8
Share of results of associates	80	70	14
Profit before income tax	19,852	930	2,035
Income tax expense	(14,898)	(1,714)	769
Net profit/(loss) for the financial period	4,954	(784)	NM
Other comprehensive income:			
Currency translation differences arising from consolidation of foreign operations	(8,158)	(10,342)	(21)
Total comprehensive loss for the financial period	(3,204)	(11,126)	(71)
Attributable to:			
Equity holders of the Company	1,548	(463)	NM
Non-controlling interests	3,406	(321)	NM
Net profit/(loss) for the financial period	4,954	(784)	NM
Attributable to:			
Equity holders of the Company	(5,686)	(9,930)	(43)
Non-controlling interests	2,482	(1,196)	NM
Total comprehensive loss for the financial period	(3,204)	(11,126)	(71)

NM – Not meaningful

* Refer to paragraph 5

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 THIRD QUARTER CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Group		
	Third Quarter ended 31/03/12 \$'000	(Restated)* Third Quarter ended 31/03/11 \$'000	Increase/ (Decrease) %
Interest income ^{1,2}	420	359	17
Gain on disposal of subsidiary ¹	47	-	NM
Write back for doubtful trade receivables	313	1,944	(84)
Bad trade receivables written off	(331)	(145)	128
Foreign exchange loss, net	(1,243)	(1,307)	(5)
Rental expenses	(3,470)	(3,240)	7
Share-based payments	(108)	(19)	468
Amortisation of finance charge on non-current payables ³	(1,386)	(1,158)	20
Under provision of income tax expense in prior periods	(7,396)	(708)	945

NM – Not meaningful

¹ included in other operating income

² included amortization of finance income on non-current receivable of \$222,000 (FY2011Q3: Nil)

³ included in finance costs

* Refer to paragraph 5

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	Group		Company	
	31/03/12 \$'000	30/06/11 \$'000	31/03/12 \$'000	30/06/11 \$'000
Non-current assets				
Property, plant and equipment	186,348	163,147	-	-
Investment properties	629,743	592,548	-	-
Investment in subsidiaries	-	-	363,891	363,932
Investment in associates	1,236	1,242	-	-
Investment in available-for-sale financial assets	600	4,411	-	-
Intangible assets	204,074	205,161	213	191
Other receivable	34,865	-	-	-
	1,056,866	966,509	364,104	364,123
Current assets				
Inventories	116	122	-	-
Trade and other receivables	87,926	77,068	262,753	238,913
Cash and cash equivalents	48,538	64,768	562	1,227
	136,580	141,958	263,315	240,140
Assets classified as held for sale	-	27,391	-	-
	136,580	169,349	263,315	240,140
Less:				
Current liabilities				
Trade and other payables	194,504	69,557	58,202	54,237
Course and education service deferred income	24,925	11,583	-	-
Income tax payable	16,189	10,989	6,039	708
Borrowings	159,576	164,370	132,000	132,000
	395,194	256,499	196,241	186,945
Net current (liabilities)/assets	(258,614)	(87,150)	67,074	53,195
Less:				
Non-current liabilities				
Trade and other payables	75,565	185,458	-	-
Borrowings	48,350	66,394	-	-
Deferred tax liabilities	27,534	20,758	-	-
	151,449	272,610	-	-
Net assets	646,803	606,749	431,178	417,318
Capital and reserves				
Share capital	458,079	458,079	458,079	458,079
Treasury shares	(21,383)	(21,383)	(21,383)	(21,383)
Reserves	158,918	125,198	(5,518)	(19,378)
Equity attributable to equity holders of the Company	595,614	561,894	431,178	417,318
Non-controlling interests	51,189	44,855	-	-
	646,803	606,749	431,178	417,318

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

	Group	
	As at 31/03/12 \$'000	As at 30/06/11 \$'000
GROUP BORROWINGS AND DEBTS SECURITIES		
<u>Amount repayable in one year or less, or on demand:</u>		
Secured	3,600	9,354
Unsecured	155,976	155,016
	159,576	164,370
<u>Amount repayable after one year:</u>		
Secured	48,350	66,394
Total borrowings	207,926	230,764

Details of collateral

The bank borrowings were secured by letter of guarantee by the Company and certain properties of the Group.

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	Third quarter ended 31/03/12 \$'000	(Restated)* Third quarter ended 31/03/11 \$'000
CONSOLIDATED STATEMENT OF CASH FLOWS		
Cash flows from operating activities		
Profit before income tax	19,852	930
Adjustments for:		
Write back for doubtful trade receivables	(313)	(1,944)
Bad trade receivables written off	331	145
Amortisation of intangible assets	553	465
Depreciation for property, plant and equipment	3,406	3,339
Interest expense	2,878	2,668
Interest income	(420)	(359)
Net gain on disposal of property, plant and equipment	(7)	-
Fair value (gain)/ loss on investment properties	(23,639)	56
Gain on disposal of subsidiaries	(47)	(66)
Share of results of associates	(80)	(70)
Share-based payments	108	19
Operating profit before working capital changes	2,622	5,183
Working capital changes:		
Trade and other receivables	(1,093)	2,689
Inventories	16	12
Course and education service deferred income	(10,554)	(13,375)
Trade and other payables	329	4,230
Cash used in operations	(8,680)	(1,261)
Interest paid	(1,493)	(1,150)
Interest received	198	359
Income and withholding tax paid	(2,895)	(3,819)
Net cash used in operating activities	(12,870)	(5,871)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	12	-
Disposal of subsidiary, net of cash disposed off [#]	(1,272)	3,666
Purchases of property, plant and equipment	(2,537)	(8,767)
Dividend and redemption of available-for-sale financial asset	7	33
Deposits from disposal of investment properties	9,990	-
Acquisition of investment properties	-	(4,545)
Payment of remaining purchase consideration for acquisition of subsidiaries	(5,010)	-
Additions of development costs	(116)	(548)
Additions of computer software	(83)	(109)
Additions of trademarks	(7)	(15)
Dividends received from associate	91	21
Investment in subsidiary by non controlling interests	-	42
Net cash from/(used) in investing activities	1,075	(10,222)

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 (CONT'D)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS	Third quarter ended 31/03/12 \$'000	(Restated)* Third quarter ended 31/03/11 \$'000
Cash flows from financing activities		
Draw down of borrowings	-	8,400
Repayment of borrowings	(7,906)	(1,944)
Net cash (used in)/ from financing activities	(7,906)	6,456
Net change in cash and cash equivalents	(19,701)	(9,637)
Cash and cash equivalents at beginning of financial period	67,695	81,959
Net effect of exchange rate changes	544	(1,608)
Cash and cash equivalents at end of financial period	48,538	70,714

The carrying amount of the identifiable assets and liabilities of the subsidiary as at the date of disposal were as follows:

Disposal of subsidiary	Third quarter ended 31/03/12 \$'000	Third quarter ended 31/03/11 \$'000
Non-current assets	51	6,095
Current assets	2,191	6,622
Current liabilities	(1,050)	(2,397)
Non-controlling interests	(590)	-
Reserves	29	(30)
Net assets disposed	631	10,290
Purchase consideration outstanding to vendor waived	-	(4,965)
	631	5,325
Gain on disposal	47	66
Cash disposed	(1,950)	(1,725)
Net cash outflow on disposal of subsidiary	(1,272)	3,666

- 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

GROUP	Attributable to equity holders of the Company						Non-controlling Interests	Total Equity
	Share Capital	Treasury shares	Foreign currency translation reserve	Share-based payment reserve	Accumulated profits	Total		
2012								
Balance at 1 January 2012	458,079	(21,383)	(8,737)	2,368	170,836	601,163	49,297	650,460
Total comprehensive loss for the financial period	-	-	(7,234)	-	1,548	(5,686)	2,482	(3,204)
Disposal of interest in subsidiary	-	-	29	-	-	29	(590)	(561)
Share-based payments	-	-	-	108	-	108	-	108
Balance at 31 March 2012	458,079	(21,383)	(15,942)	2,476	172,384	595,614	51,189	646,803
2011								
Balance at 1 January 2011 (Restated)*	458,079	(21,383)	(17,185)	1,986	121,914	543,411	35,809	579,220
Total comprehensive loss as previously reported	-	-	(9,486)	-	2,363	(7,123)	(535)	(7,658)
Restatement*	-	-	19	-	(2,826)	(2,807)	(661)	(3,468)
Total comprehensive loss (Restated)*	-	-	(9,467)	-	(463)	(9,930)	(1,196)	(11,126)
Share-based payments	-	-	-	19	-	19	-	19
Investment in subsidiary	-	-	-	-	-	-	42	42
Balance at 31 March 2011 (Restated)*	458,079	(21,383)	(26,652)	2,005	121,451	533,500	34,655	568,155

* Refer to paragraph 5

COMPANY	Share capital	Treasury shares	Share-based payment reserve	Accumulated losses	Total
2012					
Balance at 1 January 2012	458,079	(21,383)	2,368	734	439,798
Total comprehensive loss for the financial period	-	-	-	(8,728)	(8,728)
Share-based payments	-	-	108	-	108
Balance at 31 March 2012	458,079	(21,383)	2,476	(7,994)	431,178
2011					
Balance at 1 January 2011	458,079	(21,383)	1,986	(29,671)	409,011
Total comprehensive income for the financial period	-	-	-	12,110	12,110
Share-based payments	-	-	19	-	19
Balance at 31 March 2011	458,079	(21,383)	2,005	(17,561)	421,140

- 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 31 March 2012, no ordinary shares were issued in respect of the conversion of share options.

As at 31 March 2012, the company has 874,401,361 issued and fully paid ordinary shares (including 19,932,000 treasury shares).

SHARE OPTIONS

As at 31 March 2012, there was unexercised share options for 4,459,549 (31 March 2011: 5,565,667[#]) unissued ordinary shares under the Raffles Education Corp Employees' Share Option Scheme.

TREASURY SHARES

As at 31 March 2012, there were 19,932,000 treasury shares (31 March 2011: 19,932,000).

[#] Comparatives are restated to take into consideration for the share consolidation of three (3) existing shares held by shareholders into one (1) consolidated share on 1 April 2011.

- 1(d)(iii) To show 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 (excluding treasury shares) was 854,469,361 as at 31 March 2012 and as at 30 June 2011.

- 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 31 March 2012.

- 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 2011.

In the current financial year, the Group has adopted all applicable new/amended/revised Singapore Financial Reporting Standards ("FRS") and Interpretation of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year beginning on 1 July 2011. The adoption of these new/revised FRS and INT FRS 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.

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

As disclosed in FY2011 full year results announcement, the Land Bureau of Langfang, People's Republic of China, had confirmed that the land disposed by Oriental University City ("OUC") reported in FY2011 Q1 to FY2011 Q3 were part of the resumption of land for rezoning by the Chinese government. Instead of treating the land as being disposed, the Group had recognised the land as investment property. Correspondingly, the gain of \$10.1 million less tax of \$0.3 million and gain \$3.6 million, less tax of \$0.1 million from disposal of land in the comparative period FY2011 9 months and Q3 respectively have been reversed.

The following comparative figures for the FY2011 9 months & Q3 results have been restated as a result of the above restatement.

(Group)	9 months ended 31/03/11 (as restated) \$'000	9 months ended 31/03/11 (as previously reported) \$'000
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
Other operating income	4,370	14,473
Income tax expense	(4,392)	(4,644)
Other comprehensive income:		
Currency translation differences arising from consolidation of foreign operations	(27,835)	(27,883)
Attributable to:		
Equity holder of the company	5,864	13,843
Non-controlling interests	(1,131)	741
Net profit	4,733	14,584
Attributable to:		
Equity holder of the company	(19,202)	(11,266)
Non-controlling interests	(3,900)	(2,033)
Total comprehensive income	(23,102)	(13,299)

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 (Cont'd)**

The following comparative figures for the FY2011 Q3 results have been restated as a result of the above restatement (Cont'd).

(Group)	Third Quarter ended 31/03/11 (as restated) \$'000	Third Quarter ended 31/03/11 (as previously reported) \$'000
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
Other operating income	1,727	5,305
Income tax expense	(1,714)	(1,803)
Other comprehensive income:		
Currency translation differences arising from consolidation of foreign operations	(10,342)	(10,363)
Attributable to:		
Equity holder of the company	(463)	2,363
Non-controlling interests	(321)	342
Net profit	(784)	2,705
Attributable to:		
Equity holder of the company	(9,930)	(7,123)
Non-controlling interests	(1,196)	(535)
Total comprehensive income	(11,126)	(7,658)

(Group)	Third Quarter ended 31/03/11 (as restated) \$'000	Third Quarter ended 31/03/11 (as previously reported) \$'000
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION		
Investment properties	525,651	519,814
Trade and other receivables	82,232	98,123
Income tax payable	11,448	11,699
Net current liabilities	149,820	134,180
Net assets	568,155	577,958
Reserves	96,804	104,740
Non-controlling interests	34,655	36,522
Capital and reserves	568,155	577,958

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)

Earnings Per Share (EPS) based on net profit attributable to shareholders of the Group	Group		
	9 months ended 31/03/12	(Restated)* 9 months ended 31/03/11	Change +/- %
(i) Based on the weighted average number of shares	2.67 cents	0.68 cents	293
- Weighted average number of shares	854,469,361	857,394,275	
(ii) On a fully diluted basis	2.67 cents	0.68 cents	293
- Adjusted weighted average number of shares	854,478,680	857,524,360	

Earnings Per Share (EPS) based on net profit attributable to shareholders of the Group	Group		
	Third Quarter ended 31/03/12	(Restated)* Third Quarter ended 31/03/11	Change +/- %
(i) Based on the weighted average number of shares	0.18 cents	-0.05 cents	NM
- Weighted average number of shares	854,469,361	854,474,567	
(ii) On a fully diluted basis	0.18 cents	-0.05 cents	NM
- Adjusted weighted average number of shares	854,473,674	854,519,040	

* Comparatives are restated to take into consideration for the share consolidation of three (3) existing shares held by shareholders into one (1) consolidated share during the current financial year on 1 April 2011.

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 +/- %
	31/03/12	30/06/11		31/03/12	30/06/11	
NAV per ordinary share	69.71 cents	65.76 cents	6	50.46 cents	48.84 cents	3

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

Group's revenue decreased 5% from \$37.8 million in FY2011 Q3 to \$36.0 million in FY2012 Q3 taking into account the following:

- a) Decrease in Asia Pacific (Ex-People's Republic of China "PRC") revenue by \$1.2 million from \$14.1 million in FY2011 Q3 to \$12.9 million in FY2012 Q3 mainly due to the absence of contribution from subsidiaries in Vietnam ("Raffles Vietnam").

As disclosed in the Group's announcement on 16 March 2012, the Group has suspended operations in Vietnam.

- b) Reduced 50% contribution from Zhongfa College following the disposal of 50% interest in Value Vantage Pte. Ltd.; Zhongfa college contributed \$1.7 million as a wholly-owned subsidiary in FY2011 Q3 and \$0.5 million as a joint investment in FY2012 Q3.

- c) Overall lower enrollment from the PRC colleges due to:

- (i) the continuing decline in university-going students as a result of demographic changes because of the one-child policy;
- (ii) increase in the overall acceptance rate into National Education System ("NES") universities and institutions; and
- (iii) increasing number of students choosing to pursue higher education overseas.

Personnel expenses increased from \$15.0 million in FY2011 Q3 to \$15.7 million in FY2012 Q3.

Included in the increase in other operating expenses from \$17.2 million in FY2011 Q3 to \$18.7 million in FY2012 Q3 were refunds of course fees amounting to \$2.3 million for Raffles Vietnam's students in FY2012 Q3.

Fair value gain of \$23.6 million in FY2012 Q3 pertains to 264.6mu of land classified as investment properties in OUC that has been rezoned for residential and/or commercial use. This confirmation of rezoning by the Land Bureau of Langfang, PRC was in March 2012. Independent valuation has been performed in March 2012 for these affected investment properties and resulted in the fair value gain.

The increase in income tax expense from \$1.7 million in FY2011 Q3 to \$14.9 million in FY2012 Q3 is mainly attributable to the deferred tax of \$5.9 million on fair valuation gain on 264.6mu of land classified as investment properties in OUC and provision of taxes for prior periods amounting to \$7.5 million relating to foreign sourced dividends as assessed by the Inland Revenue Authority of Singapore ("IRAS") in FY2012 Q3. This issue relating to the foreign sourced dividends was disclosed in the FY2010 and FY2011 Annual Reports as contingent liabilities. Despite this provision, the Company is continuing to engage IRAS on this matter with assistance from its tax lawyers.

The Group suffered a loss of \$8.2 million currency translation differences arising from consolidation of foreign operations in FY2012 Q3 mainly due to the depreciation of Chinese Renminbi against Singapore Dollar from last reporting date 31 December 2011 as the presentation currency of the Group is in Singapore Dollar.

Non-controlling interests represent mainly the non-controlling shareholders' share of profits in OUC.

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 COMPREHENSIVE INCOME (CONT'D)

The Group registered a profit attributable to shareholders of \$1.5 million in FY12 Q3, as compared to \$0.5 million loss in FY2011 Q3.

COMMENTARY ON THE GROUP STATEMENT OF FINANCIAL POSITION

Property, plant and equipment ("PPE") increased from \$163.1 million in FY2011 ("ended 30 June 2011") to \$186.3 million in FY2012 Q3 ("ended 31 March 2012") mainly due to:

- (i) reclassification from investment properties of \$6.9 million by Oriental University City;
- (ii) reclassification from prepayment of \$9.5 million by Raffles Assets (Thailand) Limited;
- (iii) progress payment of \$8.0 million by Tianjin Boustead College, for the construction of a new academic building; and
- (iv) offset by depreciation charge of \$10.2 million.

The increase for investment properties from \$592.5 million in FY2011 to \$629.7 million in FY2012 Q3 was mainly due to \$23.6 million revaluation gain relating to investment properties in OUC, foreign currency translation gain of \$22.0 million offset by the \$6.9 million reclassification out to PPE and disposal of \$1.5 million.

Available-for-sale financial assets decreased from \$4.4 million to \$0.6 million as a result of the disposal of the unquoted equity interests acquired as part of the previous acquisition of OUC.

Assets classified as held for sale of \$27.4 million in FY2011 relates to sale of 50% equity interests in Value Vantage Pte. Ltd. The sale was completed in FY2012 Q1 ("ended 30 September 2011"). As at FY2012 Q3, there are outstanding amounts of \$13.4 million receivable within FY2012 and \$34.9 million by FY2013. This has been recorded as other receivables and accounts for the bulk increase in trade and other receivables under current assets and other receivables under non-current assets respectively.

Current trade and other payables increased from \$69.6 million in FY2011 to \$194.5 million in FY2012 Q3 mainly due to the reclassification of \$101.4 million from non-current portion of the outstanding balance of purchase consideration payable for OUC.

Income tax payable increased from \$11.0 million in FY2011 to \$16.2 million in FY2012 Q3 due to the preliminary assessment of tax by IRAS as discussed in the commentary on the Group Statement of Comprehensive Income.

Current borrowings decreased from \$164.4 million in FY2011 to \$159.6 million in FY2012 Q3 mainly due to repayment of \$12.7 million. The decrease was offset partially by draw down of \$4.0 million and foreign currency translation loss of \$1.3 million.

The \$185.5 million and \$75.6 million in non-current trade and other payables in FY2011 and FY2012 Q3 respectively mainly relate to the non-current portion of the outstanding purchase consideration payable for the acquisition of OUC and land for Raffles University Iskandar (RUI) development. The decrease from \$185.5 million in FY2011 to \$75.6 million in FY2012 Q3 was mainly due to repayment of \$5.0 million and reclassification of \$101.4 million to current trade and other payables.

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 (CONT'D)

The decrease in non-current borrowings from \$66.4 million in FY2011 to \$48.4 million in FY2012 Q3 was mainly due to the \$15.7 million repayment during the period.

Non-controlling interests as at 31 March 2012 represent mainly the non-controlling shareholders' equity interests in OUC

COMMENTARY ON THE GROUP STATEMENT OF CASHFLOWS

Net cash used in operating activities amounted to \$12.9 million. Included in operating cash outflows were payment of taxes of \$2.9 million and refund to students in Raffles Vietnam of \$2.3 million. Other major cash outflows were for the repayment of borrowings \$7.9 million, the payment of purchase consideration for previous acquisition of subsidiaries of \$5.0 million and purchase of PPE of \$2.5 million. Major contributors of cash inflow comprise of the deposit of \$10.0 million received in relation to the sale of land and properties in Langfang as announced on 20 April 2012.

The Group's cash position is \$48.5 million as at FY2012 Q3 (FY2011 Q3: \$70.7 million).

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

Not applicable.

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 Group has seen its PRC revenue declining and is expected to continue to be affected by the challenging operating conditions in PRC.

Following the suspension of operations in Vietnam, the Group has processed the transfer of over 400 students to the Group's other colleges in Singapore, Sydney and Phnom Penh. In addition, the Group has provided refunds amounting to \$2.3 million in FY2012 Q3 and is continuing to process final refunds in FY2012 Q4, which is estimated to cost a further \$5m inclusive of costs and allowances for transferring students. These refunds and expenses will have a material impact on the Group.

Despite these, the Group is seeing some positive outcome of its expansion strategy in the Asia Pacific (Ex-PRC) region.

As and when the opportunity arises, the Group will continue to divest its non-core assets to realize returns on investments for redeployment into our core education business.

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

Not applicable

13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions (IPT), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company has not obtained any general mandate from its shareholders for interested party 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 31 March 2012 to be false or misleading in any material aspect. A statement signed by two directors is on record.

15. 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.

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

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
9 May 2012**