RafflesEducationCorp

A CUT ABOVE

ANNUAL REPORT 2013

A Cut Above

The transformation from Raw to Brilliant requires meticulous care from the skilled and experienced. Just like how the cut of a diamond determines its brilliance, RafflesEducation*Corp* seeks excellence in each and every of our institution to be the best they can be.
As the largest private education group in Asia-Pacific, we hold fast to our aspiration to always be **A Cut Above**, bringing long-term value to our stakeholders.

Contents

Our Vision

To be the premier education group in Asia-Pacific.

Our Mission

We are committed to providing quality education through our network of institutions in the Asia-Pacific region.

Our Values & Culture

Our schools offer a learning environment that is characterised by the promotion of enterprise and working links within the industry and professions. Vocational outcomes and employability of students are emphasised, as are creative and analytical approaches that encourage individual judgment and self-awareness. We seek to pave the way for our students to a successful career with an educational experience that emphasises:

- Creativity and innovation in all programmes
- Enterprise and entrepreneurship
- Relevance and employability
- Professional excellence through professional staff development
- Socially responsible professional practice

Corporate Profile

Raffles Education Corporation Limited ("RafflesEducation*Corp*" or "the Group") is the largest private education group in Asia-Pacific. Since establishing its first college in Singapore in 1990, the Group has grown to operate 34 colleges in 31 cities across 12 countries in Asia-Pacific: Australia, Cambodia, China, India, Indonesia, Malaysia, Mongolia, Philippines, Saudi Arabia, Singapore, Sri Lanka and Thailand.

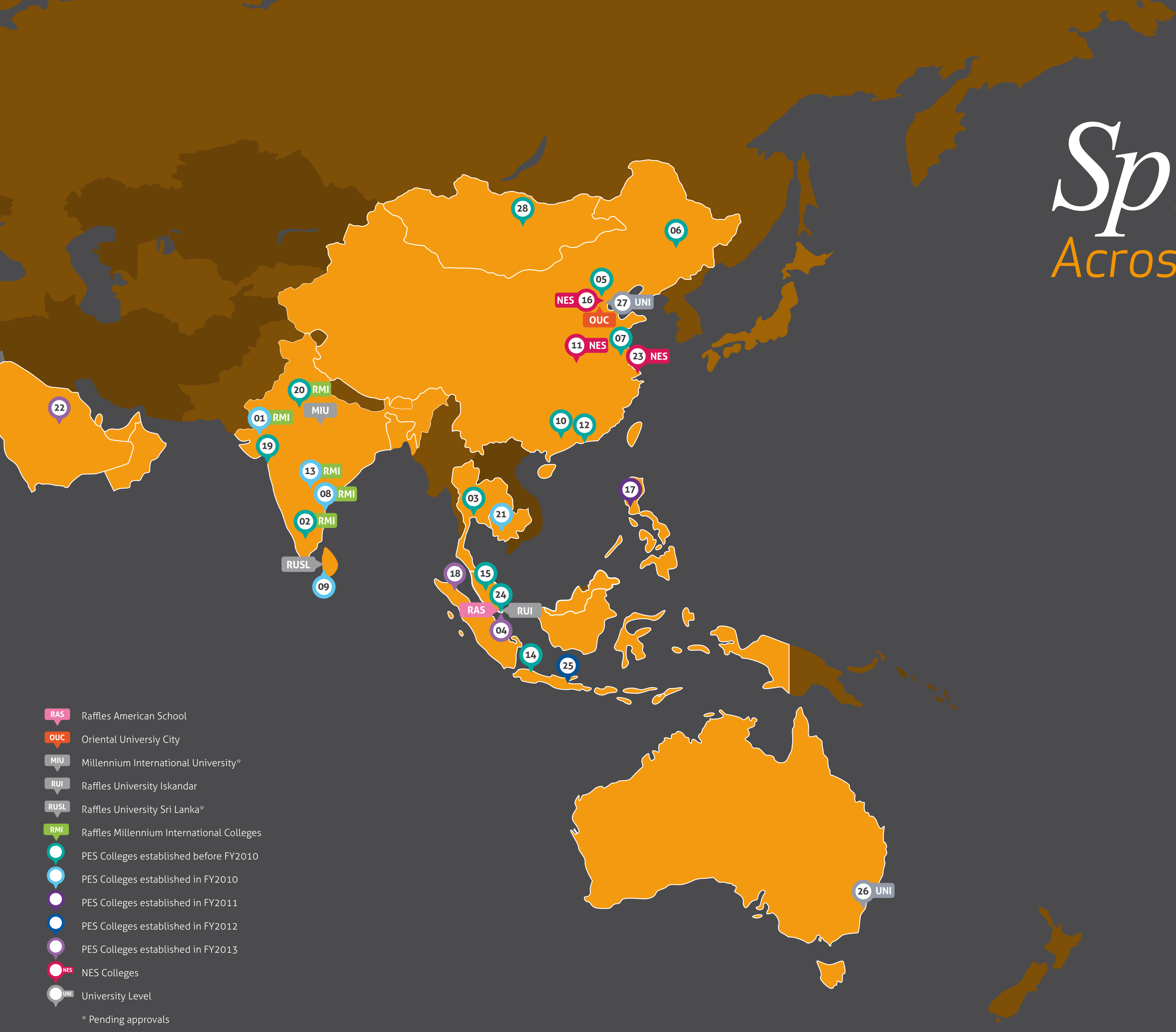
More than 20,000 students enrolled in RafflesEducation*Corp*'s tertiary programmes benefit from a quality education that provides graduates with a well-rounded hands-on experience that is relevant to the industry.

In 2012, the Group launched the Raffles University Iskandar ("RUI") and Raffles American School ("RAS") in Iskandar, Malaysia. Raising the profile of the Group is RUI, a comprehensive university approved by the Malaysian government. As the Group's first pre-tertiary institution offering American K-12 education, RAS marks the Group's entry into the international school business and its expansion into a new demographic market.

The Group also owns the Oriental University City in Langfang, Hebei Province, China – a 1.3 million square metre self-contained campus. Within this campus, Oriental University City provides education services to six colleges with an additional student population of over 20,900.

Headquartered in Singapore, RafflesEducation*Corp* employs close to 2,500 academic and administrative staff, and is listed on the Mainboard of the Singapore Exchange.

Note: Number of students and colleges shown in this publication are for the financial year ended 30 June 2013 ("FY2013").



Sparkles

Across Asia-Pacific

01 Ahmedabad
02 Bangalore
03 Bangkok
04 Batam
05 Beijing
06 Changchun
07 Changzhou
08 Chennai
09 Colombo
10 Guangzhou
11 Hefei
12 Hong Kong
13 Hyderabad
14 Jakarta
15 Kuala Lumpur
16 Langfang
17 Manila
18 Medan
19 Mumbai
20 New Delhi
21 Phnom Penh
22 Riyadh
23 Shanghai (2 Colleges)
24 Singapore
25 Surabaya
26 Sydney
27 Tianjin (2 Colleges)
28 Ulaanbaatar

Corporate Milestones

We have the makings of a global private education group, evident by our ***dazzling*** *milestones.*

1990

April 1990
Established Raffles Design Institute in Singapore

1992

March 1992
Established Raffles Design Institute in Kuala Lumpur, Malaysia

1996

October 1996
Established Raffles-BICT in Beijing, China

2001

August 2001
Established Raffles Design Institute in Bangkok, Thailand

2002

January 2002
Listed on SGX-SESDAQ with a market capitalisation of S$16 million

2004

July 2004
Acquired KvB Institute of Technology, Sydney (Rebranded as Raffles College of Design and Commerce in August 2007)

Established Raffles Design International in Mumbai, India

2005

January 2005
RafflesEducation*Corp* stepped up to the Mainboard of SGX

2006

January 2006
Acquired Thames Business School in Auckland, New Zealand

2007

March 2007
Acquired China Education Limited

June 2007
Acquired Zhongfa College in Shanghai, China

2008

March 2008
Acquired Oriental University City Development Co., Ltd in Langfang, Hebei, China

Acquired Wanbo Education Management Co., Ltd in Hefei, China

May 2008
Established JV with Educomp Solutions Ltd, India

September 2008
Established a joint cooperative education project with Tianjin University of Commerce Boustead College in Tianjin, China

2009

February 2009
Established new college in Jakarta, Indonesia

April 2009
Established new college in Bangalore, India

2010

January 2010
Established new college in Phnom Penh, Cambodia

Established new colleges in India (Ahmedabad, Chennai and Hyderabad)

March 2010
Established new college in Colombo, Sri Lanka

April 2010
Established new college in Dhaka, Bangladesh

May 2010
Established new college in Kolkata, India

September 2010
Established new college in Manila, Philippines

2011

May 2011
Signed JVA with Education@Iskandar Sdn Bhd to establish Raffles University Iskandar, Malaysia

June 2011
Established Value Vantage Partnership

August 2011
First student intake at Millennium International University, Uttar Pradesh, Greater Noida, India

2012

January 2012
Established new college in Surabaya, Indonesia

Raffles College of Higher Education Singapore awarded four-year EduTrust Certification by the Council for Private Education

June 2012
Established Raffles Academy of Continuing Education, Singapore

August 2012
First student intake at Raffles University Iskandar, Malaysia

First student intake at Raffles American School, Malaysia

September 2012
RafflesEducation*Corp*, through its subsidiary, Raffles K12 Sdn. Bhd., inked land deal with Iskandar Investment Berhad to develop Raffles American School

2013

January 2013
Groundbreaking ceremony of Raffles American School in Iskandar, Malaysia

March 2013
RafflesEducation*Corp*'s wholly-owned subsidiary, Raffles Assets (Private) Limited, signed an investment agreement with the Board of Investment of Sri Lanka to establish Raffles University Sri Lanka

April 2013
RafflesEducation*Corp*'s headquarters and Raffles College of Higher Education Singapore moved into a new building named Raffles Education Square, its first wholly-owned permanent home after 23 years

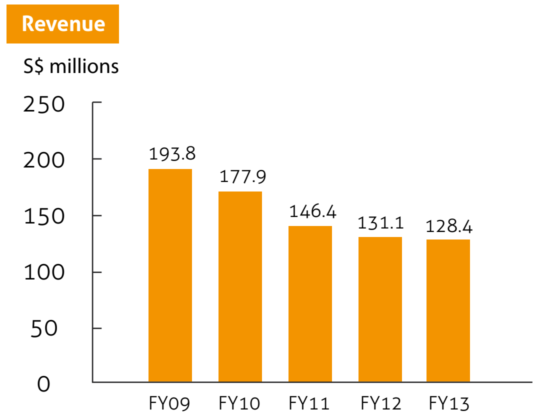
July 2013
Established new college in Riyadh, Saudi Arabia

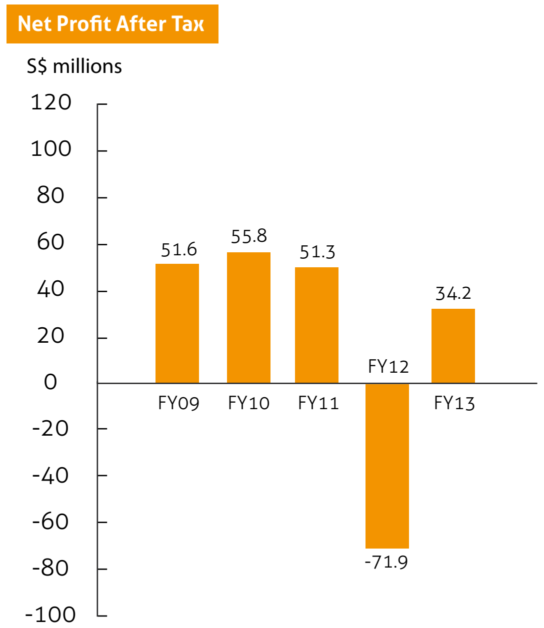
Established new colleges in Batam and Medan, Indonesia

2013:
34 Colleges in 31 Cities across 12 Countries

Financial Highlights

For the year ended 30 June (S$ thousands)	2009	2010	2011	2012 Restated#	2013
Operating Results					
Revenue	193,833	177,934	146,353	131,135	128,377
Profit/(loss)					
EBITDA	124,980	83,729	26,115	32,735	29,581
Operating	110,278	68,760	9,574	63,253	(5,232)
Before Tax from continuing operations	69,286	58,341	70,699	(10,355)	27,952
After Tax from continuing operation	47,991	51,055	45,693	(58,907)	34,498
After Tax from continuing & discontinuing operations	51,591	55,820	51,271	(71,862)	34,248
Attributable to shareholders	51,120	52,560	41,917	(66,261)	26,672
Operating Cashflow	70,147	60,526	29,331	13,768	9,009
Earnings per Share (cents)- Basic*	5.81	5.39	4.36	(6.91)	2.66
- Diluted*	5.81	5.39	4.36	(6.91)	2.66
Shares used in calculating EPS (millions) -Basic*	880	975	961	958	1,004
-Diluted*	880	975	961	958	1,004
Financial Position					
Issued Share Capital**	437,196	441,281	436,696	436,696	460,402
Shareholders Funds	518,960	551,874	551,399#	500,409	554,418
Non-current Assets	772,185	838,885	967,102	737,268	804,237
Current Assets	278,031	207,969	168,756	432,657	263,846
Current Liabilities	311,297	257,417	256,499	552,560	218,617
Non-current Liabilities	199,393	191,319	285,566#	76,038	246,169
Net Asset Value per Share (cents)*	60.22	64.16	64.53#	58.56	54.07
Return On Shareholders Funds					
Return on Equity (%)	9.9%	9.5%	7.6%	-13.2%	4.8%
Net Profit Margin (%)	26.4%	29.5%	28.6%	-50.5%	20.8%





Note:
* 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 and rights issue on 23 October 2012.
** Net of treasury shares
\# Certain accounting policies or accounting standards had changed in the financial years 2013. Only the financial information presented above for each of the years immediately preceding 2013 and the financial position of 2011 had been restated to reflect the relevant changes in accounting policies or accounting standards.

For the year ended 30 June (S$ thousands)	2012 Restated#	2013	Change
Operating Results			
Revenue	131,135	128,377	-2.1%
Profit/(loss)			
EBITDA	32,735	29,581	-9.6%
Operating	63,253	(5,232)	NM
Before Tax from continuing operations	(10,355)	27,952	NM
After Tax from continuing operations	(58,907)	34,498	NM
After Tax from continuing and discontinuing operations	(71,862)	34,248	NM
Attributable to shareholders	(66,261)	26,672	NM
Operating Cashflow	13,768	9,009	-34.6%
Earnings per Share (cents)- Basic*	(6.91)	2.66	NM
- Diluted*	(6.91)	2.66	NM
Shares used in calculating EPS (millions) -Basic*	958	1,004	4.8%
-Diluted*	958	1,004	4.8%
Financial Position			
Issued Share Capital**	436,696	460,402	5.4%
Shareholders Funds	500,409	554,418	10.8%
Non-current Assets	737,268	804,237	9.1%
Current Assets	432,657	263,846	-39.0%
Current Liabilities	552,560	218,617	-60.4%
Non-current Liabilities	76,038	246,169	223.7%
Net Asset Value per Share (cents)*	58.56	54.07	-7.7%

As at 30 June	2009	2010	2011	2012	2013
Student Population					
Private Education Schools	11,244	11,108	9,095	6,713	6,260
National Education Schools	21,584	19,427	15,858	14,680	14,047
Total Student Population	32,828	30,535	24,953	21,393	20,307
Revenue Contribution by Region					
Asean	16.7%	17.1%	17.6%	22.5%	24.8%
North Asia	76.9%	73.0%	68.7%	60.8%	56.6%
Australasia	5.0%	7.6%	10.2%	11.8%	12.4%
South Asia	1.4%	2.3%	3.5%	4.9%	6.2%
Total	100.0%	100.0%	100.0%	100.0%	100%

Revenue Contribution by Segments

(S$'000)	2012	2013
Private Education System	77,967	78,265
National Education System	26,812	26,124
OUC Campus Management	24,948	23,469
Corporate & Others	1,408	189
Raffles K12	-	330
Total	131,135	128,377

Earnings Contribution by Segments

(S$'000)	2012 Restated#	2013
Private Education System	(41,462)	13,412
National Education System	8,460	8,535
OUC Campus Management	(28,551)	34,193
Corporate & Others	2,984	(19,606)
Raffles K12	(338)	(2,036)
Total	(58,907)	34,498

Note:
* 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 and rights issue on 23 October 2012.
** Net of treasury shares
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Letter to Shareholders

Dear Fellow Shareholders,

After 23 years, we finally arrived at our own headquarters at 51 Merchant Road, Raffles Education Square. This is also where our flagship Singapore college, Raffles College of Higher Education ("RCHE"), resides. Although RafflesEducation*Corp* owns other education assets across the region, this asset in Singapore is a significant milestone in the metamorphosis of the Group since our founding in Singapore in 1990.

Operating a college on rented premises makes sense only at its initial stage. After a college has been established, the challenge is to bring in sufficient student numbers that will bring in profits to sustain its operations. When student numbers increase to critical mass, the college should operate on its own premises, as it is a fact that rental is always on the increase and every relocation actually costs more in terms of downtime and high sunk costs. In a temporary premise, investment into the look and feel of the college including investment in costly technology will be more restrained as we have to consider the term of lease and the return on invested capital. Also, the willingness to upgrade during the tenure of lease is limited and this is not in sync with the effort towards brand building. With our owned college that is well equipped, management do not have to be distracted with relocation and can thus focus fully all of its resources on building up its credibility in the market.

The RCHE flagship campus covers over 77,500 square feet of prime learning space that fosters creativity and innovation. It presents a chic and contemporary design with a vibrant and creative ambience, vital to the development of creative talents. With full control over the layout and facilities, we have created a space that complements and enhances our pedagogy. This space embodies the Raffles Spirit which strengthens our brand name. Since our move to this vibrant campus, RCHE enrolment has increased over the last two terms. The design and the running of this campus exude the very quality of education that the Group foresees all its 34 colleges in 31 cities to grow into.

"As can be seen from our expanded and diversified platform, our transformation from Raw to Brilliant is taking place - from an asset-light model to an asset-backed model; from a design education provider to a broad-based education group and from a five college business at IPO to a sustainable education enterprise with 34 colleges in 31 cities across 12 countries. That is ***A Cut Above.*** *"*

Mr Chew Hua Seng, Chairman and CEO of RafflesEducation*Corp*

Vision and Transformation

I feel excited about this transformation taking place in the Group. It is my vision that every college in the Group actualises to the level of RCHE, achieving the Raffles Spirit and Quality. With each school having achieved a good standing in its own community, collectively the Group will transform into a robust sustainable enterprise that will bring significant long-term returns to our stakeholders. Such transformation can only come about with perseverance and tenacity and it takes time but I am confident that with careful and skilful management of limited resources, we will achieve this goal.

Presently, the Group's colleges vary in maturity. Our maiden college RCHE is the longest established with 23 years in operation whilst our Raffles American School is still in its infancy. Whilst our more mature colleges are growing in significance and profitability, the newer ones will require more time and resources to grow.

On an ongoing basis, we assess the viability of each college and its ability to grow into a significant enterprise in its community. As a result of this evaluation, we have decided to shut down three marginal colleges in FY2013 so that we can harness our resources to invest in those with the potential.

As a private education provider, we operate in highly regulated environments with ever-changing requirements and increasing cost. On the other hand, the business enjoys high barriers to entry.

The Group is at a crossroad where profitable colleges will more than cover the gestation losses of the newer ones. We need patience and a committed team of management who has faith in what they are doing to push this through; a management which is of one accord as we go through this journey of transformation. Ours is a business that is managed with a lot of respect for stakeholders, one where building a sustainable and socially responsible enterprise is of utmost priority to us. In spite of all the challenges that for-profit education providers are facing all over the world, we reported an EBITDA of $29.6 million for FY2013. Had management not the courage or foresight to seize opportunities as we did and transformed the Group's business model from asset-light to an asset-backed one, our prospect would not have been so bright as we would not have had the financial means to transform the Group to this extent today. On hindsight, we have to be thankful that management took hard decisions six years ago to transform the Group into this sustainable education model.


Raffles Connexion - a place to study and relax

I am confident that as we set the Group on this course and with its existing strong platform with an asset-backed balance sheet, we will build a resilient and sustainable business.

FY2013 Review

FY2013 registered revenues of S$128.4 million and net profit of S$34.2 million, a turnaround from a loss of $71.9 million in FY2012. Earnings per share amounted to 2.66 cents. The Group's Net Asset Value (NAV) per share has grown from 3.55 cents in 2005 when the Group was asset-light to 54.07 cents in FY2013, an increase of 1423 percent and this was built up mostly during the period of the global financial crisis.

FY2013 financial performance was a result of increases in Asia-Pacific revenue that validated our expansion into the region. Overall revenue declined due mainly to the protracted cumulative impact of regulatory and structural changes in China, where state-funded universities enrolled more students, taking directly from the pool of students who would otherwise be our potential students. Also, the increasing ease of Chinese students gaining admission into universities in the Western countries had continued to affect us.

As a private education provider, we have had to face more regulatory hurdles as compared to a publicly-funded institution; this is an unlevel playing field that happens everywhere in this world. Indeed, the operating environment in private education has changed dramatically over the last six years and it will remain challenging for the near term. Our re-positioning in PRC has now put our operations on a sound footing poised for growth.

Raffles Singapore campus

The divestment of non-core assets, particularly in Oriental University City, is in line with the Group's intention to streamline its assets and realise returns on investments for reinvestment into our education business. Our asset-backed balance sheet has given us the opportunity to tap the bond market as an additional source of funding. The proceeds from the issues of S$130 million medium-term notes were used substantially to retire short-term debt and restructure the Group's balance sheet to match its long-term investments with longer tenure debt. The Group's gearing remained essentially unchanged. The success of the bond issues reflected confidence in the Group's business.

Having taken all the challenges into consideration, we are indeed thankful for the progress we have made. We are confident that we will grow from strength to strength as we develop new markets as can be seen with the launch of Raffles University Iskandar and Raffles American School in August 2012. In March 2013, the Group also signed an investment agreement with the Board of Investment of Sri Lanka to establish Raffles University Sri Lanka, adding to the Group's emergent footprint of university-level institutions.

From Raw to Brilliant – A Cut Above!

Education is a business that takes time to build – in confidence, credibility and stature. From the start, we aspired to achieve steady growth. We took meticulous care to plan, venture, diversify and reposition. We have taken knocks and yet we persevered to build on the business. Looking back, we have been blessed with the right moves. As can be seen from our expanded and diversified platform, our transformation from Raw to Brilliant is taking place - from an asset-light model to an asset-backed model; from a design education provider to a broad-based education group and from a five college business at IPO to a sustainable education enterprise with 34 colleges in 31 cities across 12 countries. That is **A Cut Above.**

Over the last six years, amid the global financial crisis and challenging operating conditions, the sturdy transformation of the Group goes to show that RafflesEducation*Corp* is not only entrepreneurial and a trail blazer but also an innovative company with the required depth of management able to steer the Group through turbulent conditions whilst keeping a keen eye on profitability.

In Appreciation

We would like to thank our shareholders, students, business partners, staff and all stakeholders for the trust and confidence in us.

We also acknowledge the guidance and wise counsel of our Board members.

CHEW HUA SENG
Chairman and CEO
20 September 2013

Board of Directors

Mr Chew Hua Seng
Chairman and CEO

Mr Chew Hua Seng is the Founder, Chairman and CEO of Raffles Education Corporation Limited ("RafflesEducation*Corp*" or "the Group"). Under his astute leadership, RafflesEducation*Corp* has grown to become the leading pan-Asian private education provider.

Mr Chew has led RafflesEducation*Corp* to achieve an excellent track record of growth since founding the Group in 1990. Apart from leading the Group through its highly successful initial public offering on the Singapore Exchange in 2002, the Group was also ranked amongst the Top 200 Asia-Pacific companies on Forbes Asia's "Best Under a Billion" list for four consecutive years under his keen leadership. Mr Chew holds a Bachelor's Degree in Business Administration from the University of Singapore (now known as the National University of Singapore) and was awarded the National University of Singapore Business School Eminent Business Alumni Awards in November 2010 for his outstanding achievements. Mr Chew was also conferred the Public Service Medal by the President of Singapore for his contribution to community service in 2010.

In 2007, Mr Chew established the Chew Hua Seng Foundation (the "Foundation") to further charitable causes, predominantly in education. Commissioned with the motto "Compassion through the Generations", the Foundation's mission is aligned with RafflesEducation*Corp*'s overarching principle to provide the invaluable gift of education to needy youths, with a special focus to support poor students in the Asia-Pacific region.

Mr Henry Tan Song Kok
Lead Independent Director

Mr Henry Tan Song Kok is the Managing Director of Nexia TS Public Accounting Corporation and the Chairman of Nexia China. He is also the Asia-Pacific Regional Chairman and Board member of Nexia International, an international accounting network. He graduated with a First Class Honours Degree in Accountancy from the National University of Singapore.

He is a fellow of the Institute of Singapore Chartered Accountants, Insolvency Practitioners Associations of Singapore Ltd and the Institute of Chartered Accountants in Australia, member of Institute of Internal Auditors, Inc (Singapore Chapter), Singapore Institute of Accredited Tax Professional Limited and Singapore Institute of Directors. Mr Tan is also director of YHI International Limited, Chosen Holdings Limited, Pertama Holdings Limited, China New Town Development Co Ltd and Ascendas Funds Management (S) Ltd (Manager of Ascendas Real Estate Investment Trust).

Mr Lim Tien Lock, Christopher
Independent Director

Mr Lim Tien Lock, Christopher is the Group Executive Director of Hotel Properties Limited ("HPL"). He is responsible for the overall management of the HPL Group. Prior to joining HPL in 1989, Mr Lim held the position of Director and Head of Corporate Finance of N M Rothschild & Sons (Singapore) Limited with 10 years of experience in the field of investment banking. He graduated from the National University of Singapore with a Bachelor's Degree in Business Administration.

Dr Tan Chin Nam
Independent Director

Dr Tan Chin Nam has 33 years of distinguished service in the Singapore Civil Service, having held key appointments such as Managing Director of Economic Development Board, Chief Executive of Singapore Tourism Board, General Manager and Chairman of National Computer Board, Chairman of National Library Board, Chairman of Media Development Authority and Permanent Secretary of Ministry of Manpower and Ministry of Information, Communications and the Arts. He is currently Chairman of Media Development Authority (International Advisory Panel), Temasek Management Services Pte Ltd and NTU New Media Peak of Excellence Governance Coordinating Committee, Senior Adviser to Salim Group, ZANA Capital Pte. Ltd. and Singbridge Corporate Pte. Ltd., and a Principal Member of the Green Finance Corporation. Dr Tan is also a director of Stamford Land Corporation Ltd, Yeo Hiap Seng Ltd and Gallant Venture Ltd, all listed on the SGX, and of private companies: PSA international Pte Ltd and Sino-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.

Dr Tan graduated from the University of Newcastle, Australia with first degrees in Industrial Engineering and Economics and a Master of Business Administration Degree from the University of Bradford, UK. He has an Honorary Doctor of Letters Degree conferred by the University of Bradford and an Honorary Doctor of Engineering Degree conferred by the University of Newcastle.

Mr Teo Cheng Lok John
Independent Director

Mr Teo Cheng Lok John was in public accounting practice from 1981 to 2010. He was a Founder and a Senior Partner of TeoFoongWongLCLoong and Baker Tilly TFWLCL. Mr Teo qualified as a Chartered Accountant with the Institute of Chartered Accountants in England and Wales. He is a Fellow of the Institute of Chartered Accountants in England & Wales, Institute of Certified Public Accountants in Singapore, Institute of Certified Public Accountants in Australia and a member of the Chartered Management Institute, UK.

Mr Chew Kor Chor
Executive Director and Deputy CEO

Mr Chew Kok Chor joined RafflesEducation*Corp* in 1998 and assumed the role of Executive Vice-Dean, Raffles Design Institute (Shanghai), before his subsequent appointments as Vice-President of the Group's China Operations in May 2001, as Chief Operating Officer in August 2004 and as Deputy CEO in April 2005. He holds a Bachelor's Degree (2nd Class Hon) in Mechanical & Production Engineering from the National University of Singapore and was a scholar with Exxon Mobil Singapore. Mr Chew will continue to be overall in charge of the operations of the Group and directly responsible for Greater China.

Mr Chong Ee Yong
Executive Director

Mr Chong Ee Yong joined RafflesEducation*Corp* in July 2004 as Director (Mergers & Acquisitions) and was subsequently appointed Vice President overseeing the Group's operations in Asia-Pacific (ex-China). Mr Chong has extensive experience in setting up, managing and restructuring business operations. In addition to Business Development at RafflesEducation*Corp* in Asia-Pacific, he also oversees the Group's Finance functions. Mr Chong joined the Ministry of Defence, Singapore upon his graduation from the Royal Military College, Duntroon, UNSW, Canberra, Australia with a Bachelor of Engineering (Civil) Degree. He also holds a Master of Science (Finance) Degree from Baruch College, Zicklin School of Business.

His past appointments include establishing and managing operations abroad for multi-national companies including Singapore Technologies, JIT Electronics, Flextronics Plastics and Hyflux Ltd.

Management Team

Mr Chew Hua Seng
Chairman and CEO

Mr Chew Kok Chor
Executive Director and Deputy CEO

Mr Chong Ee Yong
Executive Director

Mr Kenneth Ho Kah Chuan
Chief Financial Officer

Mr Liu Yingchun
Deputy CEO,
Oriental University City

Prof Graeme Britton
Vice President,
Raffles University System

Ms Doris Chung
Director,
Raffles University Iskandar/Raffles American School

Ms Karen Grace Lam Kar Yan
Vice President, IndoChina Operations

Dr Rob Mockrish
Superintendent,
Raffles American School

Mr Issac Ng
Vice President, Australia Operations;
CEO, Raffles College of Design and Commerce, Sydney

Mr Ong Kai How
Vice President, South East Asia Operations

Mr Mike Yam Keong Chee
Vice President, India Operations

Mr Edmund Hwong Kee Hong
Vice President, South China Operations

Mr Andrew Wong
Vice President,
Oriental University City & Others

Mr Edmund Lim
Vice President, South India Operations

Mr Mok Kam Wah
Vice President, Malaysia;
Chief Financial Officer,
Raffles University Iskandar/Raffles American School

Business Overview

As an educator, the greatest gift we can bestow on our students is to design a unique educational pathway towards a ***luminous*** *career.*

Founded in 1990, RafflesEducation*Corp* has since transformed into a premier private education group in Asia-Pacific that aims to nurture industry-relevant skilled professionals for successful careers. From a design college in Singapore, the Group today offers a broad range of programmes with 34 institutions in 31 cities across 12 countries.

For 23 years, the Group remains focused on providing a well-balanced education that encourages creativity, innovation and entrepreneurship. The Raffles curriculum is designed to integrate academic and practical learning to give graduates an employment edge. It is complemented by an outstanding and diverse faculty, which is helmed by creative practitioners with years of industry experience and who are dedicated to the academic success of every institution.

As the largest private education group in Asia-Pacific, students are able to complete their studies anywhere within the extensive Raffles network to gain international exposure and carve for themselves an educational path unique to their individual interests and aptitude.

The Group offers various internationally-recognised programmes through its vast network of colleges and universities, including Diploma, Advanced Diploma, Degree and Masters qualifications.

RafflesEducation*Corp*

Raffles Education Asia-Pacific
- 12 Raffles International Colleges: Bangkok, Batam, Colombo, Jakarta, Kuala Lumpur, Manila, Medan, Phnom Penh, Singapore, Surabaya, Sydney, Ulaanbaatar
- Raffles Academy of Continuing Education: Singapore
- Raffles University Iskandar
- Raffles University Sri Lanka (Negombo)*
- 14 Colleges, **14 Cities**

India
- 5 RMI Colleges: Ahmedabad, Bangalore, Chennai, Hyderabad, New Delhi
- Millennium International University (Greater Noida)*
- Raffles: Mumbai
- 7 Colleges, **7 Cities**

Middle East
- Raffles Design Institute Riyadh: Riyadh
- 1 College, **1 City**

Raffles University System
- Accreditation
- Curriculum Development
- Quality Assurance
- Staff Development

Raffles Education China
- 3 National Education Schools (NES): Tianjin University, Wanbo College, Shanghai Zhongfa College
- 7 Raffles International Colleges
  - PES: Beijing, Guangzhou, Hong Kong, Shanghai, Tianjin
  - PNES: Changchun, Changzhou
- Raffles Academy of Continuing Education: Beijing
- 10 Colleges, **8 Cities**

Oriental University City
- Higher Education: Oriental Institute of Technology (NES)
- Education Services: 6 collaborative schools: 20,902 students
- 1 College, **1 City**

Raffles K - 12
- K - 12 Development: Raffles American School, Iskandar
- 1 School

Raffles International Admissions Office
- 3 IAO OFFICES (CHINA): Langfang, Shanghai, Shenzhen
- 2 IAO OFFICES (INDONESIA, SINGAPORE): Jakarta, Singapore
- 2 IAO OFFICES (INDIA): Bangalore, New Delhi
- 5 IAO OFFICES (BANGLADESH, MALAYSIA): Dhaka, Johor Bahru, Kuala Lumpur, Kuching, Penang
- 3 IAO OFFICES (UAE, MYANMAR, MONGOLIA): Dubai, Yangon, Ulaanbaatar
- 15 Offices

* Pending Approvals ● 10 entities with Asset Investments

Raffles Singapore campus

Private Education Colleges

RafflesEducation*Corp*'s colleges under the Private Education System ("PES") provide a range of degree, diploma and certificate programmes in various professional disciplines. They include Design, Information Technology, Business, Biomedical Sciences and Psychology. Courses are carried out in English by an international faculty.

The Group currently has 26 PES colleges, with close to 6,300 students in Asia-Pacific.

Raffles Academy of Continuing Education ("RACE") was established in December 2011 to provide quality continual learning to adult learners, who aspire to upgrade their existing skills and expand their knowledge horizon. RACE courses are conducted by subject-matter experts, with practical sessions to enhance the overall learning experience. In June 2012, RACE under Singapore's Raffles College of Higher Education collaborated with the Employment & Employability Institute ("e2i") and the Workforce Development Agency ("WDA") to equip adult learners with essential skills for a growing fashion industry. In June 2013, RACE expanded its course offering to groom talents in the hairdressing industry. RACE actively seeks industry collaborations to provide continuing education and industry exposure for its adult learners.

National Education Colleges

In China, the Group has one University and three Vocational and Technical colleges under the National Education System ("NES"). NES colleges provide academic and skills training courses that lead to nationally-recognised tertiary qualifications.

Mainstream education is taught in Chinese by quality local faculty, and students receive qualifications accredited by the Ministry of Education of the People's Republic of China. There are currently over 14,000 students at the Group's NES colleges, including at the Group's Langfang Oriental Institute of Technology in Oriental University City.


Product Design students

Raffles Millennium International

India has the largest youth population in the world with over 600 million youths. It is inevitable that the Group has identified India to be one of its key markets.

Raffles Millennium International ("RMI") colleges were formed through a joint venture between RafflesEducation*Corp* and Educomp Solutions Ltd, one of India's largest public-listed education company. RMI introduces the Group's entire suite of award-winning programmes in Design, Business and Hospitality to the large student population in India.

There are currently five RMI colleges in five Indian cities, namely Ahmedabad, Bangalore, Chennai, Hyderabad and New Delhi, offering Advanced Diploma and Degree programmes.

Raffles University System

RafflesEducation*Corp* is committed to providing quality education through its network of institutions in Asia-Pacific. Raffles University System ("RUS") is the principal body that holds the overall responsibility for coordinating and harmonising the curriculum, quality assurance of content and delivery, as well as improvement of academic programmes for the Group's network of colleges and universities.

RUS has a stringent and rigorous reporting and audit system to ensure quality standards and assurance, as well as operational compliance. A Senate is appointed to coordinate standards between the Universities. Harmonisation between the Advanced Diploma and Degree offerings is achieved through the Curriculum Review Committee and RUS membership on Academic Boards and Senate Committees.

Tianjin University of Commerce Boustead College, Tianjin, China

University-level Institutions

RafflesEducation*Corp* has four university-level institutions that are strategically located in Australia, China, India and Malaysia. In March 2013, the Group signed an investment agreement with the Board of Investment of Sri Lanka to establish Raffles University Sri Lanka. This addition would enhance the Group's footprint of university-level institutions.

Raffles College of Design and Commerce

With a history of over 35 years, Raffles College of Design and Commerce ("RCDC") in Sydney offers Bachelor and Masters degrees in several fields of both Design and Business. RCDC also provides Certificate and Diploma courses that lead to Bachelor degrees.

RCDC graduates are often sought after by potential employers, even before graduation, because of their excellent industry knowledge and skills. The curriculum, taught by industry professionals, continually keeps pace with current industry demands. RCDC is registered with the Tertiary Education Quality and Standards Agency ("TEQSA") of Australia. The degrees awarded by RCDC comply with the Australian Qualifications Framework ("AQF"), are accredited by the Australian Government through TEQSA, and are recognised by both Australian and international universities. RCDC is also registered through the Australian Government's Department of Tertiary Education with the Commonwealth Register of Institutions and Courses for Overseas Students ("CRICOS").

Tianjin University of Commerce Boustead College

Officiated in October 2002, Tianjin University of Commerce Boustead College ("Boustead College") provides skills training programmes that lead to nationally- and internationally-recognised tertiary qualifications. Boustead College offers degree programmes in Business Administration, Computer Science & Information Technology, as well as Literature & Arts. The campus in Tianjin was refurbished in 2013 with additional amenities and facilities for students and academics to enjoy a conducive learning and living environment.

Campus model of Raffles University Iskandar, Malaysia

Raffles University Iskandar

Millennium International University, Greater Noida, India

Millennium International University (JRE Group of Institutions)

The joint venture with Educomp Solutions Ltd includes the development of Millennium International University ("MIU") in Greater Noida, Delhi NCR, India.

The first phase of the 44-acre campus was completed in August 2011. MIU received its pioneer batch of students for its Post-Graduate Diploma in Management ("PGDM") and Bachelor of Technology in Engineering ("B. Tech Engineering") programmes. The PGDM is considered to be the equivalent of a Master of Business Administration programme, and offers three tracks in the key areas of Marketing, Finance and Human Resources. To meet the huge demand for engineers in India, the B. Tech Engineering programmes, which are affiliated with Mahamaya Technical University, offer specialisations in Computer Science & Engineering, Information Technology, Electronics & Communication Engineering, Applied Electronics & Instrumentation Engineering, and Electrical Engineering.

All current programmes and facilities at MIU are approved by the All India Council for Technical Education ("AICTE"), an Indian statutory body and national-level council for technical education. MIU has applied for university status and is awaiting all relevant regulatory approvals.

Raffles University Iskandar

Raffles University Iskandar ("RUI") was established by RafflesEducation*Corp* and Education@Iskandar Sdn Bhd, a member of the Iskandar Investment Group, in a 80:20 joint venture respectively.

RUI is a Malaysian government-approved university in EduCity@Iskandar, a flagship development zone in Johor. It has an intensive hands-on curriculum with employer-based internships to equip graduates with work-ready skills. The undergraduate and postgraduate programmes include Design, Business Administration, Accountancy, Education Management, and Applied Psychology.

The pioneer batch of students began classes in August 2012 at a temporary location at Menara Kotaraya in Johor Bahru, while RUI's 65-acre permanent campus is being built. When fully developed, RUI is expected to house close to 5,000 students.

Oriental University City

RafflesEducation*Corp* owns and operates Oriental University City ("OUC"), which is a university town in Langfang, Hebei Province. OUC is well connected to the two major cities of Beijing and Tianjin, with it being about 50 kilometres south of Beijing and located along the busy Beijing-Tianjin-Tanggu Expressway.

OUC is set out to be a tertiary vocational and technical education campus that provides auxiliary education services. This is to meet the increasing strong demand in China for competent employees with professional qualifications.

The 1.3 million-square-metre self-contained OUC campus saw the establishment of the Group's Langfang Oriental Institute of Technology with a student population of about 2,900. OUC also provides education services to six other leading universities and colleges with an additional student population of over 20,900. Renowned institutions that operate in OUC include Beijing University of Chinese Medicine, Peking University Founder Technology College, and China Civil Aviation Management Institute.

Oriental Institute of Technology, Langfang, China


Oriental University City, Langfang, China

Artist's impression of Raffles American School, Iskandar, Malaysia


Artist's impression: Campus model of Raffles American School

Raffles American School

Raffles American School ("RAS") in EduCity@Iskandar is a significant milestone for the Group, as it opens a new demographic market and marks the Group's entry into the international school business. RAS offers an American K-12 curriculum with Advanced Placement offerings in the high school, providing a highly viable schooling alternative to the local and expatriate communities in the region.

The curriculum at RAS is jointly developed by RAS Faculty and International Schools Services ("ISS"), New Jersey, USA, an established global company that has advanced the quality of international education for children across the world with its curriculum development, school management, supply sourcing and recruitment. RAS prepares students for admission to top US and Western Universities, and it is seeking accreditation by the Western Association of Schools and Colleges ("WASC"), USA.

RAS started classes in August 2012 for grades one to eight at a temporary location in the Anjung neighbourhood centre in Nusajaya, Iskandar. In January 2013, a groundbreaking ceremony was held to mark the construction of its 45-acre permanent campus. When the world-class infrastructure is completed in the 2014-2015 school year, RAS can accommodate 2,000 students with full boarding facility.


Groundbreaking ceremony of Raffles American School

Strategy

Our strategies are meant to make our education business truly ***enduring****.*

With 34 institutions in 31 cities across 12 countries, RafflesEducation*Corp* is the largest private education group in Asia-Pacific today. This journey to success did not happen by chance; it was a corporate journey crafted with foresight and a well-designed roadmap that has taken the Group 23 years.

The foundation of an excellent educational institution comprises a superior curriculum, an outstanding faculty and an intellectual environment. For years, these core functions remain as the Group's core competencies.

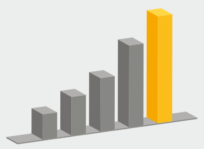
RafflesEducation*Corp* seeks sustainable growth that creates value for its stakeholders. The trusted Raffles brand name and its network of institutions support the Group's continued organic growth. The Group also owns valuable education assets across Asia-Pacific that can be realised for reinvestment into its education business.

Capitalising on its strong fundamentals, the Group will continue to build depth at its existing colleges, expand its network of institutions, grow its university group, create value at its university city and strengthen its academic credibility.

STRATEGIC GROWTH THRUSTS

OUR VISION

To be the Premier Education Provider in Asia-Pacific

Build Depth at Existing Colleges	Expand Network of Institutions	Expand Raffles University Group	Create Value at University City	Strengthen Academic Credibility
		Raffles University	Oriental UniversityCity 东方大学城	Raffles UniversitySystem
• Focusing on operations and processes • Driving enrolments to boost same college sales	• China • India • Southeast Asia • Middle East	• Greater Noida, India • Iskandar, Malaysia • Sydney, Australia • Tianjin, China	• Expanding into vocational & technical education • Developing education services	• Enhance value by - Developing new courses - Strengthening accreditation - Strengthening quality assurance - Developing human capital for the Group

Raffles Singapore - a well-stocked library for students

Visual Communication students

Fashion Design student

Build Depth at Existing Colleges

RafflesEducation*Corp* enjoys a reputation among students and peers for its quality education that focuses on practical training and academic excellence. As the largest education group in Asia-Pacific, the Group is relentless in implementing initiatives and efforts to fortify its education business.

Resources are invested to continually enhance and expand programme offerings to cater to a diverse community of students, as well as to attract and retain exceptional faculty. The Group also strives to deepen its ties with industry partners to better prepare students for the dynamic workplace and therefore increase their employability. Together, these efforts enable the Group to build depth at its existing colleges for greater growth.

Expand Network of Institutions

One of the unique advantages of a Raffles education is the opportunity for students to complete their studies anywhere within the Raffles network. Given the Group's formidable global presence, students can receive international exposure to enrich their personal outlook and learning experience.

In line with its growth strategy, in FY2013, the Group established four new institutions in Asia-Pacific and the Middle East. The Group established a university in Negombo (Sri Lanka), and three colleges in Riyadh (Saudi Arabia), Batam and Medan (Indonesia).

The enlarged Raffles network has strengthened the Group's portfolio and increased its geographical reach. RafflesEducation*Corp* is poised to provide quality education to Asia's large and growing youth population for future growth.

Expand Raffles University Group

RafflesEducation*Corp* currently has four university-level institutions, namely in Australia, China, India and Malaysia. In the pipeline is a fifth university in Sri Lanka. These university-level institutions were established with a strong applied education focus to develop industry-skilled professionals for high employability.

The expansion of Raffles University Group is significant, as it raises the profile of the Group from that of a higher education provider to that of a full-fledged university group. This will eventually translate into a larger market share for RafflesEducation*Corp*. The university group, as a centre of excellence, will further enable the Group to expand in the region.

Create Value at University City

To shore up its balance sheet, RafflesEducation*Corp* adopted a strategic asset-backed strategy with the acquisition of Oriental University City ("OUC") in 2008 in Langfang, China. Besides providing educational services to schools located in OUC, the Group also collects fee revenues by providing higher education on campus through new school establishments and partnerships.

The vast resources of land and buildings at OUC enables the Group to further develop a large-scale university city with amenities and facilities for a conducive learning and living environment.

The Group has systematically divested some of its non-core assets in the region, including some assets located in OUC. It is the Group's intent to streamline its assets and realise the value of its education assets for reinvestment into its growing education business.

Strengthen Academic Credibility

RafflesEducation*Corp* places a strong emphasis on curriculum development that is relevant to industry trends and needs. The ultimate goal of an education with Raffles is to groom skilled professionals through the transfer of industry-relevant knowledge and technical know-how to succeed in the globalised economy. Raffles University System ("RUS") is the corporate unit responsible for all academic matters.

RUS adheres strictly to a rigorous reporting and audit system to ensure quality standards and assurance, as well as operational compliance. A Senate is appointed to coordinate standards between the Universities. Harmonisation between the Advanced Diploma and Degree offerings is achieved through the Curriculum Review Committee and RUS membership on Academic Boards and Senate Committees.

The Group's colleges and programmes are registered, accredited and certified by various government bodies, state and federal authorities. For instance, Singapore's Raffles College of Higher Education ("RCHE") was registered with the Council of Private Education as a Private Education Institution under the Private Education Act 2009 and granted a four-year registration from 13 June 2011 to 12 June 2015. RCHE also attained a four-year EduTrust accreditation from 16 January 2012 to 15 January 2016. The EduTrust accreditation is only granted to private education institutions that have met a stringent set of requirements defined by the Singapore government, and this enables RCHE to offer its programmes to international students.

Through RUS, the Group grows its intellectual property portfolio by establishing new institutions, updating the curriculum, and strengthening its accreditations and academic credibility. Conscientious efforts are put into curriculum enhancement to ensure quality and relevance for students to succeed in the ever-changing and globalised economy.

Animation students

Master of Commerce student

A Cut Above

RafflesEducation*Corp* today is a market leader in Asia-Pacific. The Group has a strong business model and a resilient growth strategy to consistently deliver long-term returns to its stakeholders. The continued development of its infrastructure and resources will reinforce the Raffles brand name regionally and catapult it to be a cut above its peers in the private education landscape.

From Raw to Brilliant

*"At Raffles, we firmly believe that success is not a coincidence — **Success is by Design.**"*

Raffles Alumni Speak

Artistic Director of VICTOR (Taiwan), designing clothes for markets in countries such as South Korea and Indonesia.

Students at Raffles Changzhou are immersed in an international environment with classes taught in English by an international faculty. My English language skill improved as a result.

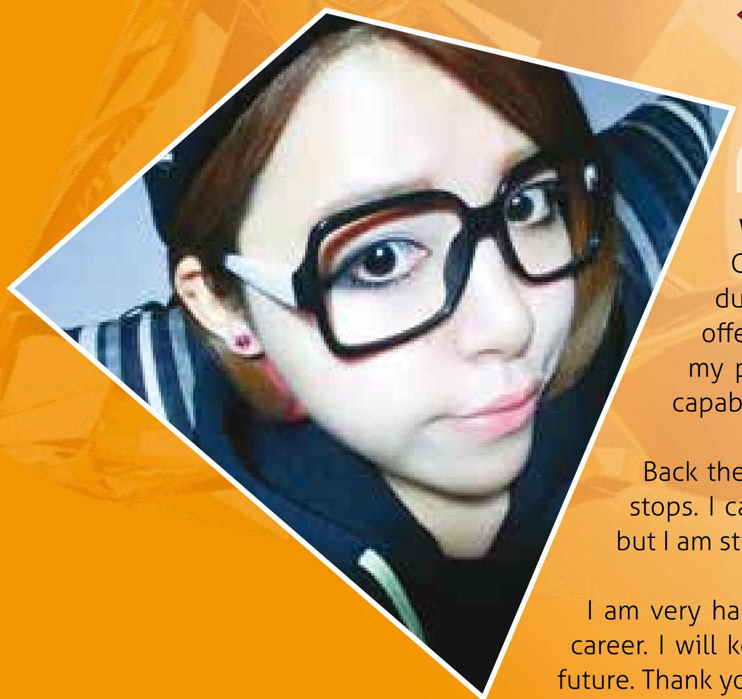
The curriculum teaches both theories and practical applications in small classes. Under the guidance of my lecturers, I slowly developed my own design style. I was also encouraged to take part in fashion competitions to gain invaluable experience, which has influenced my work positively and deeply.

With an international educational background and a professional qualification, I found a job with a well-known clothing brand very quickly after graduation. Subsequently I moved on to work at VICTOR as its costume designer. Due to my credentials and professional skills, I am now designing clothes for markets in countries such as South Korea and Indonesia. I am thankful to Raffles for my career advancement.

Shirley Yang

Raffles Changzhou
Graduated in 2012 with Advanced Diploma in Fashion Design

Intern-turned-permanent staff at TF-Sunny Company (Tianjin) due to impressive portfolios and performance.



When I was doing my internship with TF-Sunny Company, I already built up a number of portfolios during my studies at Raffles. Upon graduation, I was offered a permanent position with the company. I have my portfolios to thank for, as they showed my design capabilities.

Back then, our lecturers always told us that learning never stops. I can comprehend this better now; I may be working, but I am still learning from every design that I created.

I am very happy that I am now a designer, which is my dream career. I will keep on improving myself to achieve even more in future. Thank you, Raffles.

Li Chao

Raffles Tianjin
Graduated in 2012 with Advanced Diploma in Fashion Design

Head of Marketing at Promobrands (Pvt) Ltd.

Even though I have always been interested in design and art since young, I have never done anything professionally design wise, until I joined Raffles Colombo. The campus is a breeding ground for creative and innovative works. Coupled with effective guidance from the international lecturers from diverse backgrounds, I have so far gained a lot of knowledge and information in multimedia design, and it has worked wonders for me. Raffles is one of the reasons why I am in this industry.

The college is a superb place, and I have many good memories here with my classmates. I would recommend any aspiring designer to go for its programmes, see the difference, and graduate with a successful story to tell.

Isuru David

Raffles Colombo
Graduated in 2013 with Advanced Diploma in Multimedia Design

Currently pursuing Master of Science in International Hospitality Management at Swiss Hotel Management School, Switzerland.

I first knew Raffles Bangkok through a friend's recommendation. One day, I saw an advertisement in the newspaper about its courses. At that time, I was exploring different options to upgrade my skills and knowledge in the area of business management in hospitality. Attracted by its diverse programmes, I decided on Raffles.

The lecturers were very welcoming and they granted personalised attention to students. I always thought that writing was complicated, but the lecturers provided a great help with useful advice, critiques and ideas. The class was fun and enjoyable; I have really learnt a lot from the lecturers.

Apart from having an amazing faculty, classrooms are also equipped with the latest technology to aid teaching, and campus facilities such as a well-stocked library are available for conducive learning.

I have had a rewarding experience with Raffles.

Kevin Deydier De Pierrefeu

Raffles Bangkok
Graduated in 2013 with Bachelor of Commerce in Tourism and Hospitality Management

Raffles Alumni Speak

- *Louis runs an online store on "Taobao", whereas Jones has his own photography studio. They met each other through Raffles Shanghai's alumni association and eventually founded the photography studio "Jones-John" together.*

" After graduating from Raffles Shanghai, I worked in a PR agency for some time before I started my online store on Taobao. I am now also working in Moodbyme, a French fashion brand. Raffles has given me a good training platform that helped me immensely in my work. The practical knowledge that I acquired from the course and internship also gave me a good head start. " - Louis

" I worked for a company under Lafayette after graduation. Later, I decided to set up my own photography studio and eventually founded "Jones.John" with Louis. Both of us were well trained by Raffles to work on real projects, hence entrepreneurship came relatively easy. Establishing our own company is like doing another group project in school. " - Jones

Louis Xie Wen Yi (left)

Raffles Shanghai
Graduated in 2007 with Bachelor Degree in Fashion Marketing

Jones Jiang Zhong Yuan (right)

Raffles Shanghai
Graduated in 2007 with Bachelor Degree in Fashion Design

- *Founder of "PRIMO PASSO" label.*

" Even as a student, I was already introduced to the real fashion world, due to the practical curriculum taught in Raffles. The lecturers educated us well and helped us through the difficulties in our studies. They always gave good advice to improve our creations, and taught us how to work professionally. Now that I have graduated and founded my own label, I completely appreciate how important these lessons are for my career.

Thank you Raffles for the good lessons. "

Diana Nathania

Raffles Jakarta
Graduated in 2011 with Advanced Diploma in Fashion Design

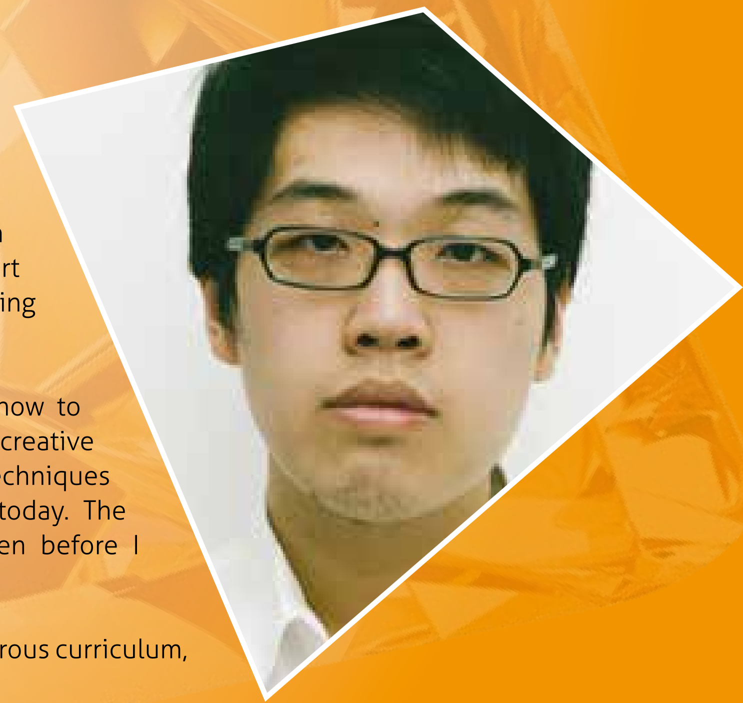
- *Founder and Creative Director of his eponymous label "JOE CHIA".*

" We can't build a building without a solid foundation. Raffles Singapore has given me the best cornerstone for my career as an entrepreneur in the competitive fashion industry. From learning the history of fashion to understanding the techniques of making clothes, such knowledge built a strong foundation which allowed me to grasp the concepts of fashion design and the fashion industry in a clearer view. "

Joe Chia

Raffles Singapore
Graduated in 2009 with Bachelor of Design in Fashion Design

- *Creative Director and Founder of "BROTHER & SISTER"*
- *Creative Consultant and Co-Founder of "UPLINE"*
- *Creative Consultant of "BEBE STEVIA BRIDES"*
- *Winner of New Generation Fashion Awards 2012 (Kuala Lumpur, Malaysia)*
- *Best in National Costume (worn by Miss Melia Octavia) at Wajah Femina Model Search 2011 (Jakarta, Indonesia)*
- *Best in Evening Wear (worn by Miss Kelly Ong Kay Li) at Miss Jumbo Queen Malaysia 2011 (Kuala Lumpur, Malaysia)*
- *Best Collection (Fashion Design) at Raffles Kuala Lumpur's Graduation Fashion Presentation 2011*



" I come from a small city where fashion knowledge is limited. But now, because of Raffles, I see fashion in a different light; it is a form of contemporary art and an avenue for me to express myself by designing beautiful clothes.

The lecturers were very hands-on, teaching me how to conceptualise fresh ideas and turn them into creative garment collections. Raffles taught me modern techniques and useful skills that I still apply to my work today. The curriculum at Raffles has prepared me well, even before I entered the fashion industry professionally.

My time with Raffles was far from easy given its rigorous curriculum, but it has made me what I am today. "

Andreas Dimeitri Pranoto

Raffles Kuala Lumpur
Graduated in 2011 with Bachelor of Design in Fashion Design

Raffles Students Speak

"I was initially drawn to Raffles Tianjin for its convenient location and modern facilities. But soon, I found the professors to be knowledgeable and experienced in their fields, and they really prepare you for the industry with opportunities such as internships, company visits and collaborations to gain practical experience. I also enjoy my studies here because of my classmates, who are friendly and helpful."

Felipe Villa Ramirez

Raffles Tianjin
Advanced Diploma in Fashion Marketing and Management
Class of 2015

"After working as a journalist for a period of time, I decided to switch career to suit my passion for art and design.

I first learnt about Raffles Bangkok when I was looking for a design school for my younger brother some years ago. When I was looking for an interior design course for myself, I revisited the school's curriculum and found that it suited my preference. In the end, I chose Raffles because of its international status, and the expectation that the programme would equip me with design capabilities of international standard.

Raffles has taught me to think out of the box and be independent. Students' contributions and discoveries are also valued. I have been given many opportunities to learn from experienced educators and meet with internationally-renowned professionals.

Currently, I am a trainee at Design Worldwide Partnership, where I can apply my skills in a real workplace. My family is also starting an interior design business, which will be a good opportunity to bring my knowledge into practice."

Purich Trivitayakhun

Raffles Bangkok
Advanced Diploma in Interior Design
Class of 2014

"I first picked Raffles Jakarta because it is affiliated to Raffles Singapore, which is one of the top 40 fashion schools in the world, according to a renowned US-based fashion news site. I was pleasantly surprised that the school exceeded my expectations.

The curriculum offers opportunities for students to gain practical experience through collaborations with industry. I have won several awards from competitions such as the first prize in Indomaret Uniform Design Competition, and Top 10 in both Fashion-Pro Magazine Illustration Competition and AMICA Fashion Designer Competition 2013. The motivation behind these awards came from my great lecturers, who spurred me on to develop and create greater designs. Even though I have graduated, I still remember their teaching, that fashion is full of experiments and innovations.

I am now one step closer to my dream of being successful in the fashion design arena."

Maria Valentine Lydia

Raffles Jakarta
Advanced Diploma in Fashion Design
Class of 2012

"Raffles Surabaya has many experienced lecturers whose teaching methods and technical skills have impressed me greatly. The campus is located conveniently downtown with state-of-the-art facilities that can complement teaching and learning. I will not hesitate to say that Raffles Surabaya is an excellent choice for higher education. I am proud to be a student here."

Giovanni Nilam Hayat

Raffles Surabaya
Advanced Diploma in Fashion Design
Class of 2013

Raffles Students Speak

"I am proud to be a part of this institution which I think is probably one of the best business schools in Greater Noida, India. I enjoy my classes which are taught in an interactive way. I have also gained invaluable knowledge from the faculty members who hail from accomplished backgrounds with vast experience. In addition, professionals from industry and academia come regularly to the institution to bridge the gap between academics and industry, presenting an invaluable advantage to the students."

Sahil Gupta

Millennium International University (JRE Group of Institutions)
Postgraduate Diploma in Management
Class of 2015

"Raffles Shanghai provides an international environment with creative freedom, where I can create my own designs. In the first two years, I was taught fundamental knowledge and skills. During my third year, the lecturers helped me improve my designs and gradually, I built up my own style.

Meanwhile, the college's broad connection in the fashion industry has helped me to know many people in the circle. I have grown up a lot during these three years and become more independent and confident. Thanks to my education at Raffles, I received an offer from Central Saint Martins College of Arts & Design to pursue my masters in womenswear design in London, commencing September 2013."

Ulquiorra Zhang Yu Hao

Raffles Shanghai
Bachelor Degree in Fashion Design
Class of 2013

"Switching from law to fashion was a huge career decision in my life, but I have no regrets. I am pursuing my dream of elevating Malaysia's fashion status to that of international level, and Raffles Kuala Lumpur is definitely a great platform for me to work towards my goal.

I have always wanted to do something different, and I hope to inspire a change in the local fashion scene. The international lecturers have given me a lot of inspiration and their diverse views helped broaden my perspectives. They have also been supportive in the pursuit of my dream.

Raffles offers an insight into the workings of the fashion industry. It is a great place to be for students who aspire to have a career in fashion."

Brandon Ong Chee Han

Raffles Kuala Lumpur
Advanced Diploma in Fashion Marketing & Management
Class of 2013

"My sister is studying Fashion Design at Raffles Guangzhou. When I was looking around for a school to pursue a commerce degree, she recommended me to Raffles. She spoke highly of the lecturers and programmes. I decided to follow her advice and am now a student here. True enough, the lecturers and curriculum are excellent. I have made the right choice."

Jonathan Anthony Rakotoasimbola

Raffles Guangzhou
Bachelor of Commerce, majoring in Management
Class of 2016

Raffles Students Win

Top 10 Finalist: Maria Valentine Lydia 1

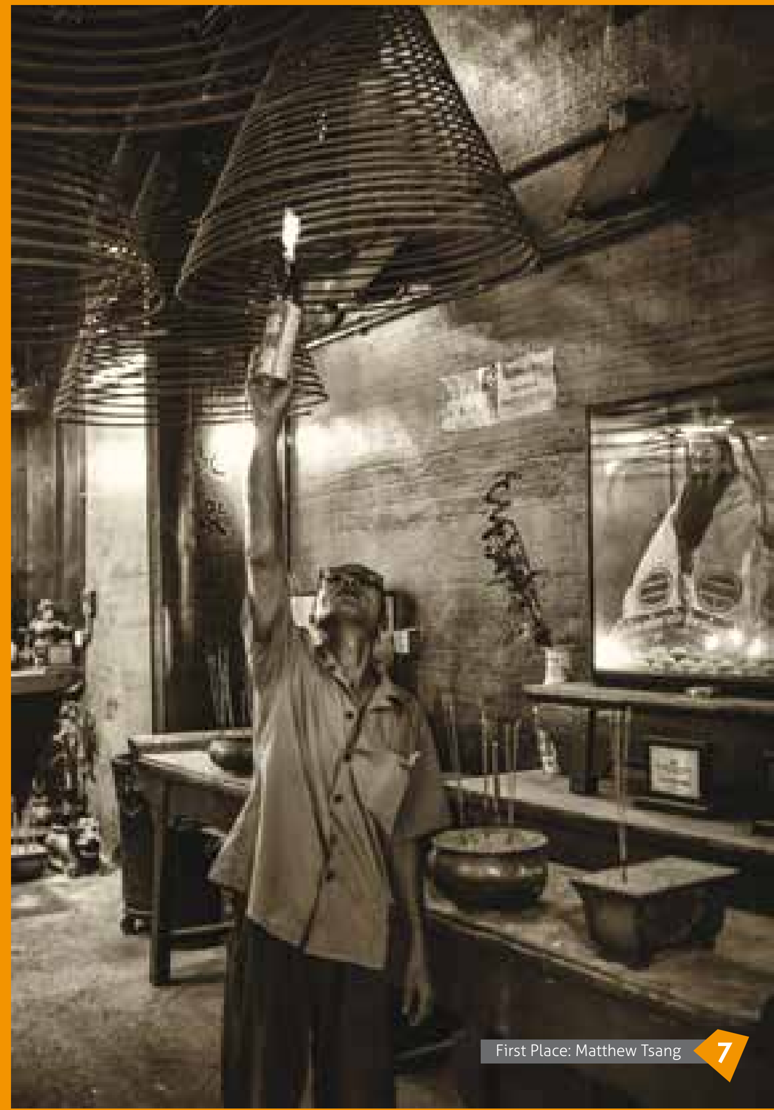
Grand Prize: Angela Amanda Suwanda 2

National Winner: Tanvi Purohit, Ottis Austin Angwyn and Vesatyo Herianus Jonly 4

National Winner: Juliana Evelyn 3

Second Runner-up: Alexis Gabrielle Flores 5

First Prize: Joanne Gong Jia Qi 6



First Place: Matthew Tsang 7

Accessory Challenge in Collaboration with Melinda Looi by i.Materialise
Winner: Rachel Bridget Chee

Accman School of Management: Aahan Annual Fest 2013
First Prize: Yogesh Sood

1 AMICA Fashion Designer Competition 2013
Top 10 Finalist: Maria Valentine Lydia

Art of Everyday Competition 2012
First Prize: Felicia Gomedi
Merit Award: Kim Jung Eun

2 Audio Technica BLUEPRINT Competition 2012
Grand Prize: Angela Amanda Suwanda

Chokolaate Mother Daughter Competition
First Prize (Fantasy Theme Group Project): Suvini Dulara De Silva, Aelesha Ismail, Bloomy Seyana Gamage, Uvedha Kamalanathan and Dilshi Mallawarachchi

3 Corelle Art@Ambiente Contest 2013
National Winner: Juliana Evelyn

4 CPIB Poster Slogan Competition 2013
National Winner: Tanvi Purohit, Ottis Austin Angwyn and Vesatyo Herianus Jonly

Degree Show 2012
Jury's Selection Finalist: Pichaya Osothcharoenpol

5 "Designed by You - The Next Credit Card" Design Competition 2013
Second Runner-up: Alexis Gabrielle Flores

Doraemon Paper Craft Competition
Merit Award: Jeffry and Leng Xin Yi

Draw A Crab for Jumbo Competition
Winner: Gan Yi Mei

6 EcoChic Design Award China
First Prize: Joanne Gong Jia Qi
Most Promising Student Award: Cherry Yang Qi Ying

Galgotias Group of Institutions: G. Quasar Annual Fest 2013, Debate Competition
Winner: Yogesh Sood and Ankur Deep

Hong Kong Designers Association (HKDA)'s Design Student of the Year 2012
Winner: Shiren Ho

7 ILFORD Tertiary Students' Photographic Competition
First Place: Matthew Tsang

Indomaret Shop Uniform Design Competition
First Prize: Maria Valentine Lydia

Raffles Students Win

Winner: Norsharinna Norshaiddan 8

First Prize: Leon Liu Zi Hua 9

Winner (Degree Category): Andreas Dimeitri Pranoto 10

Winner: Kathryn Lagrosa Rao (Raffles Kuala Lumpur) and Phoebe Radcliff Reid (Christchurch Institute of Technology, New Zealand) 11

First Prize: Sansiani Martin 13

Work on display at national exhibition: Yolchanok Nutcharat 12

Intercollegiate Extempore Competition

First Prize: Areeb Mansoori

Intercollegiate Painting Competition

Second Prize: Pooja Bansal

JCC 2nd Sustainable Fashion Design Contest 2012

Third Prize: Petrick
Consolation: Yuan Xuan and Tran Quynh Tran

8 Kraftangan Malaysia's Batik and Fashion Competition

Winner: Norsharinna Norshaiddan
Consolation: Rachell Fernandez and NorSyuaida Mohd Nor; Iven Teh Yi Zhong, Ong Sue-Lyn and Yean Sheau Hwa

Kronenbourg 1664 L'Aperitif Fashion 2012

Second Prize: Gynn Ling Siu Gin

Kronenbourg Fashion Design Contest

Winner: Gynn Ling Siu Gin
Finalist: Chia Yi Wen

LightFORM Design Competition

First Prize: Yoyo Xu
Second Prize: Renee Zhang

Malaysia International Jewellery Fair - Jewellery Design Award 2013

Merit Award: Ye Tingting and Aisha Noor Fadhila Putri
Finalist: Stella Margaretha

9 Metro Outdoor Furniture Design Competition

First Prize: Leon Liu Zi Hua
Second Prize: Amy Zhang Yue

10 New Generation Fashion Awards 2012

Winner (Diploma Category): Chan Man Chien
Winner (Degree Category): Andreas Dimeitri Pranoto

11 New Zealand Virtual Re-Start Fashion Competition

Winner: Kathryn Lagrosa Rao (Raffles Kuala Lumpur) and Phoebe Radcliff Reid (Christchurch Institute of Technology, New Zealand)
Third Prize: Moto Keek Wen Han (Raffles Kuala Lumpur) and Hannah Shand (Massey University, New Zealand)

No Boundary Montage Photography Competition

Youth Category Award: Tay Hui Jie and Siripan Charoenjitsawat

12 Ploy Saeng Festival #10 by Thailand Creative and Design Center

Work on display at national exhibition: Yolchanok Nutcharat

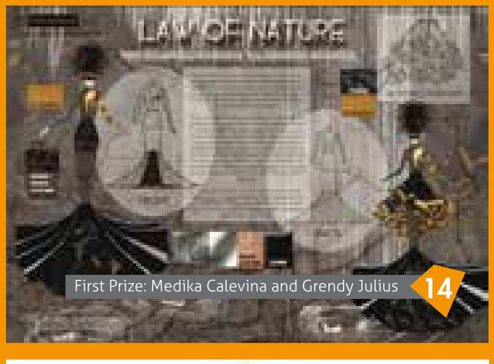
Prayatna (by Indraprastha Institute of Information Technology)

Second Prize: Eshant Baghla, Dennis Ahujha, Saurabh Kr Ariyan, Nikit Swaraj and Ruchir Agarwal

13 Reebonz "Pimp Our Vans" Design Contest 2012

First Prize: Sansiani Martin
Second Prize: Kevin Aderland

Raffles Students Win



First Prize: Medika Calevina and Grendy Julius 14

Winner: Prisca Angel Mamahit 16


Silver Prize and Judges' Choice Awards: Soh Qiu Ling 15

14 Rivalation's Lady Gaga: Dress for a Funeral Design Competition 2012

First Prize: Medika Calevina and Grendy Julius

15 Safety@Work Creative Awards 2013

Silver Prize and Judges' Choice Awards: Soh Qiu Ling

Safety@Work Creative Awards 2012

Youth Category Animation Award: Willy Putra, Jonathan Christopher Dana, Alexis Flores and Vincent Lau Sin Fatt
Most Judges' Choice Award: Fair Lin Rusli

Sakura Collection Students Awards 2013

Judge's Special Award: Kelvin Tan Khai Wen

Samsung "Power of Possibility"

Jury's Selection Team 1: Jonathan Ho Gwen Mark and Phudit Harncharoen
Jury's Selection Team 2: . Bunyawi Lappanichpoonpon and Tanasit Koshihadej

16 Save The Dragon Tree Tote Bag Design Competition

Winner: Prisca Angel Mamahit

Sukishi Runway Project#1

First Prize: Ploy Rungsrithananon
Second Prize: Sutita Boonyuen
Third Prize: Heidi Kalapuro

The 13th Platinum Originality National University Students Graphic Design Competition

Finalist Award: Selly Nia

TNL Onstage Competition 2012

Best Design Award (best team): Mihara Jayalath, Samal Bandara and Pavitra Perera

Corporate Governance Statement

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Raffles Education Corporation Limited (the "Company") is committed to a high standard of corporate governance, seen as essential to the sustainability of the Group's businesses and performance and the enhancement of shareholders' value.

The Group's corporate governance practices and processes are guided by the principles and guidelines of the Code of Corporate Governance 2005 and the revised Code of Corporate Governance 2012 (the "Code"). The Group has complied with the provisions of the Code during the financial year ended 30 June 2013. Where there are deviations from the Code, appropriate explanation has been provided within this report.

I. BOARD MATTERS

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

Board Responsibility

The Board directs the Group in the conduct of its affairs, exercising its fiduciary role at all times in the interests of the Group to ensure that corporate responsibility and ethical standards are met. The Board is ultimately responsible for the activities of the Group, its strategy and governance, risk management and financial performance.

The following matters are specifically reserved to the Board:

- Setting the strategic direction and long-term goals of the Group and ensuring adequate resources to meet these objectives.
- Approving and monitoring capital and financial plans to ensure alignment with Group's strategic directions.
- Approving the annual budget, the annual and interim financial statements, major funding proposals and capital expenditures, and strategic acquisitions and divestments.
- Reviewing the adequacy of internal controls and setting risk appetites, establishing a risk strategy and a framework for risks to be assessed and managed.
- Approving appointments to the Board and endorsing the appointments of key personnel, internal and external auditors.
- Monitoring and reviewing management performance.
- Making succession plans for itself and key persons to ensure continuity of leadership.

Delegation by the Board

The Board delegates certain functions to committees to enable the Board to manage more effectively its stewardship and fiduciary responsibilities. The Board is assisted by four committees, namely, the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee, each with clearly defined terms of reference. Each Board committee has direct access to management and the power to hire independent advisers as it deems necessary.

Board Meetings and Attendance

The schedule for all Board meetings and Board committee meetings for the next calendar year is planned well in advance, in consultation with the directors. The Board meets at least four times a year at regular intervals. Additional meetings are convened where necessary to address significant transactions or issues that arise. Where exigencies prevent a member from attending a Board meeting in person, the member can participate by telephone. Board and Board committee decisions are also obtained through written resolutions approved by circulation. The Articles of Association of the Company allow written resolutions that are signed by any two members, being the quorum necessary for transaction of the business of the directors, to be as effective as if they were passed at physical meetings.

The attendance at Board and Board Committee meetings held in the financial year ended 30 June 2013 are as follows:

	Board	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management Committee
No. of meetings held	4	5	1	1	2
No. of meetings attended by respective directors					
Mr Chew Hua Seng	4	5*	1	1*	1*
Mr Henry Tan Song Kok	4	5	1*	1*	1*
Dr Tan Chin Nam	4	5*	1	1	2
Mr Teo Cheng Lok John	4	5	1*	1	2
Mr Lim Tien Lock, Christopher	4	5	1	1	2
Mr Chew Kok Chor	4	4*	1*	1*	1*
Mr Chong Ee Yong	4	5*	1*	1*	2

* Attendance at invitation of the Committees.

Board Induction

New directors are appointed by the Board upon recommendation of the Nomination Committee. Newly appointed directors are given an orientation on the Group's business and governance practices. They are also provided with information on their duties as a director under Singapore law and how to discharge those duties. Members of the Board are updated regularly on key accounting and regulatory changes.

From 1 January 2007, all newly appointed directors were issued with a formal letter of appointment or service agreement setting out the scope of their duties and their obligations.

Corporate Governance Statement

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

Independence of Judgement

The present Board comprises of seven members who are business leaders and professionals with financial backgrounds. There are among them four non-executive and independent, and three executive.

An "independent director" is defined in the Code as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Company. There is therefore a strong and independent element on the Board as the number of non-executive and independent directors exceeds the requirement set out in the Code.

Each director is appointed on the strength of his field of expertise, depth of experience, grasp of corporate strategy and potential to contribute to the Company. Please refer to the section on "Board of Directors" in the Annual Report for key information on each director.

Annual Review of Director's Independence

The Nomination Committee conducts an annual review to determine whether each director is independent.

Name of Director	Appointment	Date of Initial Appointment	Last Re-election
Mr Chew Hua Seng	Chairman and Chief Executive Officer Member of Nomination Committee	25 November 1999	N.A.
Mr Henry Tan Song Kok	Lead Independent Director Chairman of Audit Committee	1 September 2000	29 October 2012
Dr Tan Chin Nam	Independent Director Chairman of Nomination Committee Member of Remuneration and Risk Management Committees	24 October 2008	22 October 2010
Mr Teo Cheng Lok John	Independent Director Chairman of Remuneration Committee* Member of Audit and Risk Management Committees	24 October 2008	21 October 2011
Mr Lim Tien Lock, Christopher	Independent Director Chairman of Risk Management Committee Member of Audit, Nomination and Remuneration Committees*	19 November 2008	29 October 2012
Mr Chew Kok Chor	Executive Director and Deputy Chief Executive Officer	24 January 2011	21 October 2011
Mr Chong Ee Yong	Executive Director Member of Risk Management Committee	24 January 2011	21 October 2011

* Mr Teo Cheng Lok John replaced Mr Lim Tien Lock, Christopher as Chairman of Remuneration Committee on 20 September 2012 when the latter was appointed Chairman of the Risk Management Committee upon its establishment on 20 September 2012.

Mr Henry Tan Song Kok has served as a director of the Company for over 13 years but is regarded as independent as he is capable of exercising objective judgment on corporate affairs of the Group, independent of management.

Board Composition

The Nomination Committee is of the view that the current Board comprises persons who as a group, provide core competencies necessary to meet the Company's objectives and that the current board size is adequate, taking into account the nature and scope of the Company's operations.

The composition, date of initial appointment and last re-election of each member of the Board and committees of the Board are presented in the preceding table.

Meeting of Directors without Management

A formal session is arranged annually for non-executive directors to meet without the presence of management or executive director to review and discuss any matters required to be raised privately. The session is chaired by the Chairman of the Audit Committee who is also the Lead Independent Director.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Separation of the Role of Chairman and the Chief Executive Officer ("CEO")

Mr Chew Hua Seng is both the Chairman and CEO of the Company. As such, he bears executive responsibility for the overall management and strategic development of the Group in addition to overseeing the workings of the Board and ensuring that procedures are in place for compliance with the Code.

Although the roles and responsibilities for both Chairman and CEO are vested in Mr Chew, major decisions are made in consultation with the Board which comprises a majority of non-executive and independent directors. The Board believes that there are adequate measures in place against an uneven concentration of power and authority in one individual. In addition, the Board has appointed an independent director to be the Lead Independent Director as recommended by Guideline no. 3.3 of the Code.

As the Chairman, Mr Chew is responsible for:

- Ensuring that Board meetings are held when necessary and preparing meeting agendas (with the assistance of the Company Secretary) to enable the Board to perform its duties effectively having regard to the flow of the Group's business and operations.
- Reviewing board papers before they are presented to the Board to ensure information provided is adequate.
- Ensuring sufficient allocation of time for Board members to engage in constructive debate on strategic issues and business planning.
- Controlling the quality, quantity and timeliness of information flow between the Board and management.
- Fostering constructive dialogue between shareholders, the Board and management during annual general meetings and other shareholder meetings.
- Promoting high standards of corporate governance.

Corporate Governance Statement

PRINCIPLE 4: BOARD MEMBERSHIP

Nomination Committee

The Nomination Committee (the "NC") has put in place a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC comprises three members, of which two are non-executive and independent directors:

1. Dr Tan Chin Nam, Chairman of the NC (Independent Director)
2. Mr Lim Tien Lock, Christopher (Independent Director)
3. Mr Chew Hua Seng (Executive Director)

The NC's responsibilities include:

- Reviewing regularly the composition of the Board and Board committees, taking into consideration the size and independence requirements, amongst others. Please refer to Principle 2 for details of the "Annual Review of Director's Independence".
- Reviewing the Board's succession plans for directors, in particular, the Chairman and the CEO.
- Identifying, reviewing and recommending Board appointments for approval by the Board, taking into account the experience, expertise, knowledge and skills of the candidate and the needs of the Board.
- Reviewing and recommending to the Board the re-appointment of any non-executive director having regard to their performance, commitment and ability to contribute to the Board as well as his or her skillset.
- Development of a process for evaluation of the performance of the Board, the Board committees and the directors.
- Conducting an annual evaluation on the performance of the Board, the Board committees and the directors and in particular where the directors concerned have multiple board representations, whether the NC is satisfied that sufficient time and attention has been given by the directors to the affairs of the Company notwithstanding their multiple board representations.

Selection Criteria and Nomination Process for New Directors

The NC recognizes the importance of an appropriate balance and diversity of industry knowledge, skills, backgrounds, experience and professional qualifications in building an effective Board. To this end, the NC reviews the Board's collective skills matrix regularly.

As part of the formal process for the appointment of new directors, the NC reviews the composition of the Board and identifies the skillsets that will enhance the Board's effectiveness. Suitable candidates are identified from various sources including search companies and through recommendations. The NC considers the proposed candidate's independence, expertise and background, and determines if he or she possesses the skills required, and makes its recommendations to the Board accordingly.

Rotation and Re-election of Directors

The Articles of Association require one-third of directors who are longest-serving to retire from office every year at the Annual General Meeting ("AGM").

Key Information on Directors

The Notice of AGM sets out the directors proposed for re-election. Key information on each director can be found in the "Board of Directors" section of the Annual Report.

In addition, information on shareholdings in the Company held by each director is set out in the "Report of the Directors" section of this Annual Report.

PRINCIPLE 5: BOARD PERFORMANCE

The NC makes an assessment at least once a year to determine whether the Board, the Board committees and the directors are performing effectively and formulate action plans for improvement.

The performance of the directors, individually and collectively, is assessed by means of a performance appraisal that covers a range of issues including Board size, the proportion of non-executive directors versus executive directors, whether there is an adequate degree of independence, the right mix of expertise, experiences and skills, and whether expertise and skills applied to the various issues that come before the Board enabled sound, balanced and well considered decisions.

PRINCIPLE 6: ACCESS TO INFORMATION

Agendas for Board meetings are set in advance with items proposed by the CEO and management. Directors have separate and independent access to senior management and the Company Secretary, and are provided with complete and relevant information in a timely manner. Directors are entitled to request from management such additional information as are needed in order to make informed and timely decisions. Directors also have the discretion to seek independent professional advice at the expense of the Group.

Company Secretary

The Company Secretary attends all Board meetings and ensures that applicable rules and regulations and Board procedures are complied with. Under the Articles of Association, the appointment and removal of the Company Secretary require the approval of the Board.

Corporate Governance Statement

II. REMUNERATION MATTERS

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The Remuneration Committee (the "RC") comprises three members who are all non-executive and independent directors:

1. Mr Teo Cheng Lok John, Chairman of RC (Independent Director)
   (appointed Chairman of the RC on 20 September 2012)

2. Mr Lim Tien Lock, Christopher (Independent Director)
   (Chairman of the RC until 20 September 2012)

3. Dr Tan Chin Nam (Independent Director)

The principal functions of the RC are to:

- Establish a framework for attracting, retaining and motivating senior management staff of the Group through competitive compensation and progressive policies.
- Review and approve annually the remuneration for directors and senior management staff.
- Administer the Raffles Education Corporation Employees' Share Option Scheme (Year 2011).
- Administer the Raffles Education Corporation Performance Share Plan.

The RC has access to internal and/or external human resource expert advice when needed.

The Raffles Education Corporation Employees' Share Option Scheme (Year 2011) replaced the Raffles Education Corp Employees' Share Option Scheme (Year 2001) in accordance with the rules as approved by shareholders on March 23, 2011. Executive directors, non-executive directors and employees of the Group have been granted share options under both the Year 2001 and Year 2011 schemes. Share options to be granted to employees and directors who are controlling shareholders of the Company are to be approved by independent shareholders.

The Raffles Education Corporation Performance Share Plan (the "Share Plan") was introduced to complement the share option schemes in providing the Company with a more comprehensive and flexible set of remuneration tools to better motivate, retain and recruit talent. The Share Plan allows for participation by non-executive directors and employees of the Group. Mr Chew Hua Seng, who is the controlling shareholder, and his associates are not entitled to participate in the Share Plan. Details of the share option schemes and Share Plan can be found in the "Report of the Directors" section of this Annual Report.

In setting remuneration packages, the RC ensures that the directors are adequately but not excessively remunerated as compared to the industry and in comparable companies. The RC's recommendations are made in consultation with the Board and submitted for the entire Board's endorsement. None of the RC member or director is involved in the deliberations in respect of any remuneration, compensation, options or any form of benefits to be granted to him.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

The remuneration structure of executive directors seeks to incentivize the executive directors to achieve the Group's long-term goals and ensure that they are aligned with shareholders' interests.

Remuneration of Executive Director

The Chairman and CEO's remuneration package has a variable bonus as well as share option elements, which are performance-related and subject to RC's approval. The Chairman and CEO entered into a three-year service agreement with the Company on July 1, 2008. The service agreement is renewable every three years and was last renewed on July 1, 2011. The RC had reviewed and approved the aforementioned service agreement in FY2011, and was of the opinion that there are no excessively long or onerous removal clauses in the service agreement.

Remuneration of Non-Executive Directors

All non-executive and independent directors will receive director's fees and these fees are subject to shareholders' approval at the Company's AGM. They do not have service contracts with the Company and their terms of appointment are as specified in the Articles of Association.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

The Board has not included a separate annual remuneration report to shareholders in this Annual Report as the Board is of view that the matters which are required to be disclosed in such annual remuneration report have already been sufficiently disclosed in this Corporate Governance Statement and the financial statements of the Company.

Remuneration of Directors for the year ended 30 June 2013 in bands of S$250,000 are set out below:

Name of Director	Fees %	Salary %	Others %	Total %
Between S$2 million to S$2.25 million				
Mr Chew Hua Seng	-	38	62	100
Between S$500,001 to S$750,000				
Mr Chew Kok Chor	-	100	-	100
Between S$250,001 to S$500,000				
Mr Chong Ee Yong	-	100	-	100

Name of Director	Fees %	Salary %	Others %	Total %
Below S$250,000				
Mr Henry Tan Song Kok	98	-	2	100
Dr Tan Chin Nam	97	-	3	100
Mr Teo Cheng Lok John	97	-	3	100
Mr Lim Tien Lock, Christopher	98	-	2	100

Corporate Governance Statement

Although the Code and the Guidelines recommend that the remuneration of at least the top five key executives (who are not directors) be disclosed within bands of S$250,000 and in aggregate, the Board believes that such disclosure would be disadvantageous to the business interests of the Company, in view of the shortage of talented and experienced personnel in the education industry.

Mdm. Doris Chung Gim Lian, spouse of CEO, received remuneration of between S$100,000 to S$150,000 for the year ended 30 June 2013 which is comprised solely by salary. Save as disclosed, none of the directors had family members who were employees of the Group and whose personal remuneration exceeded S$50,000.

III. ACCOUNTABILITY AND AUDIT

PRINCIPLE 10: ACCOUNTABILITY

The Board provides shareholders with quarterly and annual financial reports, price sensitive reports and reports to regulators (if required). In presenting these reports, the Board aims to give shareholders a balanced and understandable assessment of the Group's financial performance, position and prospects. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

Management currently provides annual budgets and business plans to the Board members for endorsement. Detailed management reports of the Group are also provided to Board members on a quarterly basis. Executive directors receive detailed management accounts of the Group on a monthly basis.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

Risk Management Committee

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems on an annual basis. The internal control and risk management functions are performed by the Group's key executives and reported to the AC for review.

The Board established a Risk Management Committee (the "RMC") on 20 September 2012 to assist the Board in the oversight of risk management of the Group.

The RMC comprises four members, of which three are non-executive and independent directors:

1. Mr Lim Tien Lock, Christopher, Chairman of RMC (Independent Director)
2. Mr Teo Cheng Lok John, (Independent Director)
3. Dr Tan Chin Nam (Independent Director)
4. Mr Chong Ee Yong (Executive Director)

The principal functions of the RMC are to:

- Review and recommend to the Board the type and level of business risks that the Group undertakes on an integrated basis to achieve its business objectives.
- Review and recommend the appropriate framework and policies for managing risks that are consistent with the Group's risk appetite.
- Advise the Board on proposed strategic transactions, focusing on risk aspects and implications for risk appetite and tolerance of the Group.
- Review reports on any material breaches of risk limits and the adequacy of proposed action.
- Consistently review the effectiveness of the Group's internal controls and risk management systems.

Internal Controls

The Group has instituted an internal controls framework covering financial, operational, compliance and technology controls, as well as risk management policies and systems.

An enterprise-wide risk management framework has been set in place to enhance the Group's risk management capabilities. This is administered by the Enterprise Risk Management team ("ERM"). The key risks of the Group are identified and action plans made to mitigate these risks. Risk awareness and ownership of risk treatments will be continually instilled and re-inforced throughout the organization.

As the environment in which the Group operates changes, risks and opportunities change. Under the ERM Framework, which is developed with reference to the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Model, management of all levels are expected to constantly review the business operations and the environment that the Group operates in to identify risk areas and ensure mitigating measures are promptly developed to address these risks. The ERM Framework outlines the Group's approach to managing enterprise-wide risks and sets out a systematic process for identifying, evaluating, managing and monitoring risks faced by the Group.

Individual business units have different cultures and risk profiles. Hence, each business unit will identify and evaluate its own set of risks. As part of the internal audit of each business unit, risk identification, analysis and evaluation exercise will be carried out and treated according to the risk management process as set out in the ERM Framework. The risk owners, internal auditor and management participate in the review process.

The Board has received assurance from the CEO and Chief Financial Officer ("CFO") that, as at 30 June 2013:

(a) the Group's financial records have been properly maintained, and the financial statements give a true and fair view of the Group's operations and finances; and

(b) the Group's risk management and internal control systems were adequate to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations.

Corporate Governance Statement

Based on the internal controls established and maintained by the Group, work performed by the internal auditors, reviews performed by management and various Board committees and assurances received from the CEO and CFO, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems were adequate as at 30 June 2013 to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations.

The Board notes that the internal controls and risk management systems provide reasonable, but not absolute, assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this respect, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities.

Related Party Transactions

The Company has adopted procedures to comply with all regulations governing related party transactions, and for the periodic review and approval of these transactions by the AC.

During the financial year, the Group did not enter into any interested person transaction of a value equal to or above $100,000.

Dealings in Securities

The Company has adopted the SGX-ST Best Practices Guide with respect to dealings in securities for the guidance of directors and employees. Directors and employees of the Group are not permitted to deal in the Company's shares during the period commencing two weeks before the announcement of the Company's quarterly or half yearly results and one month before the announcement of the full year results, and ending on the date of the relevant announcement, or when they are in possession of any unpublished material price sensitive information on the Group.

PRINCIPLE 12: AUDIT COMMITTEE

The Audit Committee (the "AC") has written terms of reference that are approved by the Board and clearly set out its responsibilities.

The AC comprises three members who are all non-executive and independent directors:

1. Mr Henry Tan Song Kok, Chairman of AC (Lead Independent Director)
2. Mr Teo Cheng Lok John (Independent Director)
3. Mr Lim Tien Lock, Christopher (Independent Director)

The AC meets on a quarterly basis, with further meetings if circumstances require. The Board is of the view that the AC has the requisite financial management expertise and experience to discharge its responsibility properly. Please refer to the section on "Board of Directors" in the Annual Report for key information on the AC members, including their academic and professional qualifications.

The AC assists the Board to maintain a high standard of corporate governance, particularly in the areas of effective financial reporting and the adequacy of internal control systems of the Group.

The responsibilities of AC include:

- Review of planned scope of annual internal and external audit plans, evaluation of internal accounting control systems, audit report, significant internal audit observations and management's responses thereto.
- Review the quarterly and annual financial statements before submission to the Board for approval.
- Review and discuss with external auditors any suspected fraud, irregularities or regulatory breaches which has or likely to have a material impact on the Group's operating results or financial position.
- Evaluate the assistance given by management to the external auditors and discuss issues of concern, if any, arising from interim and final audits or any matters the auditors wish to discuss.
- Review at least annually the adequacy and effectiveness of the internal audit function.
- Review and report to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls (with the assistance of competent external professionals, if necessary).
- Review the scope and results of the external audit, and the independence and objectivity of the external auditors.
- Review any interested person transactions in perspective of Interested Person Transactions Policy and Listing Manual of the SGX-ST.
- Undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and which warrant AC's attention.
- Undertake such other functions and duties as may be required under the AC Terms of Reference, by statute or the Listing Manual of SGX-ST, and by such amendments made thereto from time to time.

The AC has explicit authority to investigate any matter within its terms of reference, and has full access to and cooperation by management. All AC meetings are also attended by the CEO. The AC has the full discretion to invite any director, executive officer, internal auditors and external auditors to attend its meetings.

The AC meets with the external auditors, BDO LLP, without the presence of management, at least once a year. The external auditors also have unrestricted access to the AC. The internal auditors, who report to the Chairman of the AC, engage in regular communication with the AC.

External Auditors

The AC makes recommendations to the Board for the appointment, re-appointment and dismissal of the external auditors, including the remuneration and terms of engagement.

The AC reviewed the independence and objectivity of the external auditors through discussions with them as well as a review of the volume and nature of all non-audit services provided by the external auditors during the relevant financial year. The AC is satisfied that the financial, professional and business relationships between the Group and BDO LLP will not prejudice their independence and objectivity and has recommended their re-appointment as external auditors of the Company at the coming AGM.

Whistle-blowing Policy

The Group has a whistle-blowing policy and established procedures which provide well-defined and accessible channels within the Group on the escalation, investigation and follow up of any reported wrong-doing by an employee, customer, vendor or third party.

PRINCIPLE 13: INTERNAL AUDIT

The size of the operations of the Group does not warrant the Group having an in-house internal audit function. The internal audit function is outsourced to a firm of certified public accountants.

The responsibilities of internal audit include:

- Evaluating the adequacy and effectiveness of the Group's risk management and internal control systems, including whether there is prompt and accurate recording of transactions and proper safeguarding of assets.
- Reviewing whether the Group complies with relevant laws and regulations and adheres to established policies.
- Reviewing whether management is taking appropriate steps to address control deficiencies.

The internal audit is an independent function that reports directly to the Chairman of the AC and administratively to the CEO. The AC reviews annually the adequacy and effectiveness of the internal audit function.

The AC reviews and approves the annual internal audit plans and reviews the scope and results of internal audit procedures issued by the internal auditors. Internal audit has unfettered access to the AC, the Board and senior management, as well as the right to seek information and explanation. Internal audit also has unfettered access to all of the Group's documents, records, properties and personnel. All audit reports are circulated to the AC, the CEO, the external auditors and the relevant senior management representatives. Information on outstanding issues is categorized according to level of concern and high risk outstanding issues are escalated to senior management for timely resolution.

IV. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

PRINCIPLE 14: SHAREHOLDER RIGHTS

The Group treats all shareholders fairly and equitably. The Group is committed to the practice of fair, transparent and timely disclosure of material information to enable shareholders to make informed decisions in respect of their investments in the Company. All price-sensitive information is publicly released prior to any sessions with individual investors or analysts.

Announcements of quarterly results and information on new initiatives are first published through the SGXNET followed by news releases. Results and annual reports are announced or issued within the mandatory period. Shareholders can also access information on the Group via the website www.raffles-education-corporation.com.

Corporate Governance Statement

All shareholders of the Company receive the annual report, circulars and notices of the shareholders' meetings. The notices are also advertised in newspapers. The Company's Articles of Association allow an ordinary shareholder of the Company to appoint up to two proxies to attend and vote in his/her stead. Proxies need not be shareholders of the Company. At shareholders' meetings, shareholders are given the opportunity to participate, engage and openly communicate to the directors their views on matters relating to the Group.

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

The Group's investor relations activities promote regular, effective and fair communication with shareholders. All press statements and quarterly financial statements are published on the Group's website www.raffles-education-corporation.com and SGX website.

A dedicated investor relations team supports the Chairman and CEO in maintaining a close and active dialogue with institutional investors. Contact details for investors to submit their feedback and queries are provided on the Group's website.

PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

The AGM provides shareholders with the opportunity to share their views and to meet the Board of Directors, including chairpersons of the Board committees and certain members of senior management. The Group's external auditors are also present at AGM to address shareholders' queries. The Group encourages and values shareholder participation at its general meetings.

In accordance with the recommendations contained in the Code and the Guidelines, resolutions requiring shareholder approval are tabled separately for adoption at the Company's general meetings unless they are closely related and are more appropriately tabled together.

Financials

The Directors of the Company present their report to the members together with the audited consolidated financial statements of the Group and statement of changes in equity of the Company for the financial year ended 30 June 2013 and the statement of financial position of the Company as at 30 June 2013.

1. Directors

The Directors of the Company in office at the date of this report are:

Chew Hua Seng
Henry Tan Song Kok
Tan Chin Nam
Teo Cheng Lok John
Lim Tien Lock, Christopher
Chew Kok Chor
Chong Ee Yong

2. Arrangements to enable Directors to acquire shares or debentures

Except as disclosed in this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

3. Directors' interests in shares or debentures

According to the register of directors' shareholdings kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Cap. 50 (the "Act"), none of the Directors who held office at the end of the financial year had any interests in the shares or debentures of the Company and its related corporations except as follows:

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
(a) *Interests in Raffles Education Corporation Limited*				
	Number of ordinary shares			
Chew Hua Seng	274,438,214	330,435,853	21,822,539	26,187,046
Henry Tan Song Kok	681,741	818,089	173,364	208,036
Teo Cheng Lok John	224,271	278,125	-	-
Chew Kok Chor	470,000	588,465	-	-
Chong Ee Yong	100,000	100,000	316,666	316,666

3. Directors' interests in shares or debentures (Continued)

(a) *Interests in Raffles Education Corporation Limited* (Continued)

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
	Number of options to subscribe for ordinary shares			
Henry Tan Song Kok	341,998	275,332	-	-
Teo Cheng Lok John	208,666	208,666	-	-
Lim Tien Lock, Christopher	208,666	208,666	-	-
Tan Chin Nam	208,666	208,666	-	-
Chew Kok Chor	869,999	869,999	-	-
Chong Ee Yong	133,665	133,665	-	-

(b) *Related corporations*

Interests in Raffles College of Higher Education Sdn. Bhd.

	Number of ordinary shares			
Chew Hua Seng	-	-	800,000	800,000

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the register of directors' shareholdings, the Directors' interests as at 21 July 2013 in the shares of the Company have not changed from those disclosed as at 30 June 2013.

By virtue of Section 7 of the Act, Chew Hua Seng is deemed to have interests in the shares of all the related corporations of the Company as at the beginning and end of the financial year.

4. Directors' contractual benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements.

5. **Share options and performance shares**

5.1 Share options

(a) Options to take up unissued shares

The Raffles 2000 Employees' Share Option Scheme (Year 2000) (the "Scheme") was approved by the shareholders of the Company at an Extraordinary General Meeting held on 28 August 2000. Following the Company's change of name on 8 June 2001 to Raffles Lasalle Limited, the Scheme came to be known as "Raffles Lasalle Employees' Share Option Scheme (Year 2001)". On 30 November 2004, the Scheme was renamed as "Raffles Education Corporation Employees' Share Option Scheme (Year 2001)" (the "REC Scheme"). After the expiration of the REC Scheme on 27 August 2010, the Company had, by way of a shareholders' approval at an Extraordinary General Meeting held on 23 March 2011, adopted a new scheme "Raffles Education Corporation Employees' Share Option Scheme (Year 2011)" (the "REC ESOS Scheme").

Both REC Scheme and REC ESOS Scheme are administered by the Remuneration Committee whose current members are:

Teo Cheng Lok John (Chairman)
Lim Tien Lock, Christopher
Tan Chin Nam

A member of the Remuneration Committee who is also a Participant of the REC Scheme and REC ESOS Scheme must not be involved in its deliberations in respect of options granted or to be granted to him or held by him.

Statutory and other information regarding REC Scheme and REC ESOS Scheme are set out below:

(i) The Committee may at its discretion, fix the subscription price at a discount up to 20% off market price, or a price equal to the average of the last dealt market prices for the 5 consecutive market days on which the shares of the Company were traded on the SGX-ST immediately preceding the date of grant of the options.

(ii) Consideration for the grant of an option is $1.00.

(iii) Options can be exercised 1 year after grant for market price options and 2 years for discounted options.

(iv) Options granted will expire after 5 years for participants not holding a salaried office or employment in the Group, and 10 years for employees of the Group.

(v) Options granted will lapse when participant ceases to be a full-time employee with the Group, subject to certain exceptions at the discretion of the Company.

(vi) The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under REC Scheme and REC ESOS Scheme, shall not exceed 15% of the total number of issued shares excluding treasury shares of the Company on the day preceding that date of grant.

5. **Share options and performance shares** (Continued)

5.1 Share options (Continued)

(b) Unissued shares under option and options exercised

Under the REC Scheme and REC ESOS Scheme, share options granted, exercised and cancelled during the financial year and outstanding as at 30 June 2013 were as follows:

Date of grant	At 1 July 2012 ('000)	Exercised ('000)	Expired/ cancelled ('000)	Balance as at 30 June 2013 ('000)	Subscription price $	Exercise period
REC Scheme						
21 September 2004	20	-	-	20	0.4200	21 September 2005 to 20 September 2014
12 October 2005	163	-	-	163	0.6675	12 October 2006 to 11 October 2015
23 November 2006	75	-	(18)	57	2.4450	23 November 2007 to 22 November 2016
7 January 2008	67	-	(67)	-	4.4850	7 January 2009 to 6 January 2013
31 January 2008	255	-	(34)	221	3.7050	31 January 2009 to 30 January 2018

5. **Share options and performance shares** (Continued)

5.1 **Share options** (Continued)

(b) *Unissued shares under option and options exercised* (Continued)

Date of grant	At 1 July 2012 ('000)	Exercised ('000)	Expired/ cancelled ('000)	Balance as at 30 June 2013 ('000)	Subscription price $	Exercise period
REC Scheme (Continued)						
8 January 2009	66	-	-	66	1.7850	8 January 2010 to 7 January 2014
2 February 2009	586	-	(79)	507	1.5450	2 February 2010 to 1 February 2019
10 November 2009	267	-	-	267	1.3050	10 November 2010 to 9 November 2014
9 February 2010	712	-	(133)	579	1.0350	9 February 2011 to 8 February 2020
REC ESOS Scheme						
24 March 2011	268	-	-	268	0.8100	24 March 2012 to 23 March 2016
24 March 2011	1,419	-	(324)	1,095	0.8100	24 March 2012 to 23 March 2021
2 September 2011	300	-	-	300	0.4620	2 September 2012 to 1 September 2016
	4,198	-	(655)	3,543		

5. **Share options and performance shares** (Continued)

5.1 **Share options** (Continued)

(c) *Share options pursuant to the REC Scheme and REC ESOS Scheme (the "Schemes")*

Aggregate options granted to Directors and controlling shareholders of the Company under the REC Scheme and REC ESOS Scheme since their commencement, adjusted for the share splits in financial years 2005, 2007 and 2008 and share consolidation in financial year 2011, are as follows:

	Options granted during the financial year ended 30 June 2013 ('000)	Aggregate options granted since the commencement of the Schemes to 30 June 2013 ('000)	Aggregate options exercised/ cancelled since the commencement of the Schemes to 30 June 2013 ('000)	Aggregate options outstanding as at 30 June 2013 ('000)
Chew Hua Seng	-	1,500	(1,500)	-
Henry Tan Song Kok	-	632	(357)	275
Lim Tien Lock, Christopher	-	209	-	209
Tan Chin Nam	-	209	-	209
Teo Cheng Lok John	-	209	-	209
Chew Kok Chor	-	1,117	(247)	870
Chong Ee Yong	-	181	(47)	134
Doris Chung Gim Lian*	-	300	(300)	-
	-	4,357	(2,451)	1,906

* Ms Doris Chung Gim Lian is the spouse of Mr Chew Hua Seng.

5. Share options and performance shares (Continued)

5.1 Share options (Continued)

(d) During the financial year, no options were granted at a discount to market price.

(e) During the financial year, no employee received 5% or more of the total number of options, available under the Schemes.

(f) There were no options granted to participants who are controlling shareholders of the Company and their associates except for options granted to Chew Hua Seng and Doris Chung Gim Lian, as disclosed above.

(g) These options do not entitle the holder to participate by virtue of the options, in any share issue of any other corporations.

Save as disclosed above, there were no unissued shares of the Company or its subsidiaries under options as at the end of the financial year.

5.2 Performance shares

The Raffles Education Corporation Performance Shares Plan (the "Shares Plan") was approved by the shareholders at an Extraordinary General Meeting held on 5 March 2008.

The Shares Plan is administered by the Remuneration Committee.

No member of the Remuneration Committee shall participate in any deliberation or decision in respect of performance shares to be granted to him or held by him.

Chew Hua Seng, who is a controlling shareholder, and his associates are not eligible to participate in the Shares Plan.

The Shares Plan contemplates award of fully-paid shares to participants after satisfaction of certain pre-determined benchmarks. Group executives and Non-executive Directors who, in the opinion of the Remuneration Committee, have contributed to the success and development of the Group, shall be eligible to participate.

Awards granted under the Shares Plan may be time-based or performance-related, and in each instance, shall vest only:

- where the award is time-based, after the satisfactory completion of time-based service conditions; or

- where the award is performance-related, after the participant achieves a pre-determined performance target.

Participants are not required to pay for the awards.

Report of the Directors

5. Share options and performance shares (Continued)

5.2 Performance shares (Continued)

The Company will have the flexibility to deliver existing shares (including treasury shares) and new shares to holders of awards granted under the Shares Plan. The aggregate number of shares to be issued and/or transferred under the Shares Plan and any other share-based incentive schemes of the Company shall not exceed 15% of the total number of issued shares of the Company (excluding treasury shares).

Since the inception of the Shares Plan, no award has been granted.

6. Audit Committee

The members of the Audit Committee as at the end of the financial year and at the date of this report are:

Henry Tan Song Kok (Chairman)
Teo Cheng Lok John
Lim Tien Lock, Christopher

The Audit Committee performs the functions specified in Section 201B(5) of the Act. In performing those functions, the Audit Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditors;

- the audit plans and the overall scope of examination by the external auditor of the Group;

- the independence of the external auditor of the Company and the nature and extent of non-audit services provided by the external auditor;

- the assistance provided by the Company's officers to the external auditor; and

- the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2013, as well as the independent auditor's report on these financial statements thereon prior to submission to the Directors of the Company for adoption.

The Audit Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditor of the Company at the forthcoming Annual General Meeting.

Report of the Directors

7. Auditor

The auditor, BDO LLP has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Chew Hua Seng
Director

Henry Tan Song Kok
Director

Singapore
20 September 2013

Statement by Directors

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company together with the notes thereon are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2013 and of the results, changes in equity and the cash flows of the Group and the changes of equity of the Company for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Chew Hua Seng
Director

Henry Tan Song Kok
Director

Singapore
20 September 2013

Report on the Financial Statements

We have audited the accompanying financial statements of Raffles Education Corporation Limited (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 30 June 2013, and the consolidated statement of profit or loss and other comprehensive income, statements of changes in equity of the Group and of the Company and consolidated statement of cash flows of the Group for the financial year then ended and a summary of significant accounting policies and other explanatory information as set out on page 68 to 159.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on the Financial Statements (Continued)

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2013 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditor, have been properly kept in accordance with the provisions of the Act.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
20 September 2013

Statements of Financial Position

As at 30 June 2013

	Note	Group 2013 $'000	Group 2012 (Restated) $'000	Group 2011 (Restated) $'000	Company 2013 $'000	Company 2012 $'000
Non-current assets						
Property, plant and equipment	4	304,417	169,379	163,147	-	-
Investment properties	5	368,006	411,821	592,548	-	-
Investments in subsidiaries	6	-	-	-	300,031	301,152
Investments in associates	7	1,304	1,262	1,242	-	-
Available-for-sale financial assets	9	616	609	4,411	-	-
Intangible assets	10	129,037	131,609	205,161	157	172
Deferred tax assets	16	857	700	593	-	-
Other receivable	11	-	21,888	-	-	-
		804,237	737,268	967,102	300,188	301,324
Current assets						
Inventories		109	128	122	-	-
Trade and other receivables	11	151,741	134,539	76,475	286,606	274,391
Cash and cash equivalents	12	70,895	42,143	64,768	8,277	111
		222,745	176,810	141,365	294,883	274,502
Assets classified as held for sale	13	41,101	255,847	27,391	-	-
		263,846	432,657	168,756	294,883	274,502
Less:						
Current liabilities						
Trade and other payables	14	120,395	304,913	81,140	62,173	67,934
Income tax payable		50,486	79,687	10,989	421	1,543
Borrowings	15	47,736	167,960	164,370	19,000	140,000
		218,617	552,560	256,499	81,594	209,477
Net current assets/(liabilities)		45,229	(119,903)	(87,743)	213,289	65,025
Less:						
Non-current liabilities						
Trade and other payables	14	46,363	24,613	185,458	-	-
Borrowings	15	178,517	47,450	66,394	127,962	-
Deferred tax liabilities	16	21,289	3,975	33,714	-	-
		246,169	76,038	285,566	127,962	-
Net assets		603,297	541,327	593,793	385,515	366,349
Share capital and reserves						
Share capital	17	481,785	458,079	458,079	481,785	458,079
Treasury shares	18	(21,383)	(21,383)	(21,383)	(21,383)	(21,383)
Accumulated profits/(losses) and other reserves	19	94,016	63,713	114,703	(74,887)	(70,347)
Equity attributable to equity holders of the Company		554,418	500,409	551,399	385,515	366,349
Non-controlling interests		48,879	40,918	42,394	-	-
Total equity		603,297	541,327	593,793	385,515	366,349

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 June 2013

	Note	2013 $'000	2012 (Restated) $'000
Continuing operations			
Revenue	20	128,377	131,135
Other operating income	21	67,153	126,581
Personnel expenses	22	(57,224)	(54,758)
Depreciation and amortisation expenses	24	(15,030)	(19,521)
Other operating expenses		(128,508)	(120,184)
Fair value gain/(loss) on investment properties (net)	5	41,676	(6,327)
Impairment of goodwill	10	(240)	(51,634)
Finance costs	23	(8,504)	(16,008)
Share of results of associates		252	361
Profit/(loss) before income tax	24	27,952	(10,355)
Income tax credit/(expense)	25	6,546	(48,552)
Profit/(loss) after income tax from continuing operations		34,498	(58,907)
Discontinued operations			
Loss after income tax from discontinued operations	26	(250)	(12,955)
Net profit/(loss) for the financial year		34,248	(71,862)
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss:			
Revaluation gain on transfer of owner-occupied property to investment property		-	1,549
Items that may be reclassified subsequently to profit or loss:			
Currency exchange differences arising on translating foreign operations		4,296	18,547
Total comprehensive income/(loss) for the financial year		38,544	(51,766)
Attributable to:			
Equity holders of the Company		26,672	(66,261)
Non-controlling interests		7,576	(5,601)
Net profit/(loss) for the financial year		34,248	(71,862)
Attributable to:			
Equity holders of the Company		30,279	(48,791)
Non-controlling interests		8,265	(2,975)
Total comprehensive income/(loss) for the financial year		38,544	(51,766)
Earnings/(loss) per share (cents)			
Basic earnings/(loss) per share			
Continuing operations	27	2.68	(5.56)
Discontinued operations	27	(0.02)	(1.35)
		2.66	(6.91)
Diluted earnings/(loss) per share			
Continuing operations	27	2.68	(5.56)
Discontinued operations	27	(0.02)	(1.35)
		2.66	(6.91)

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2013

Group	Note	Share capital $'000	Treasury shares $'000	Revaluation reserve (Note 19) $'000	Foreign currency translation reserve (Note 19) $'000	Share-based payments reserve (Note 19) $'000	Accumulated profits $'000	Total $'000	Non–controlling interests $'000	Total equity $'000
		Attributable to equity holders of the Company								
Balance at 1 July 2012 (restated)	2.1	458,079	(21,383)	1,255	(12,759)	2,446	72,771	500,409	40,918	541,327
Total comprehensive income		-	-	-	3,607	-	26,672	30,279	8,265	38,544
Issue of shares	17	23,706	-	-	-	-	-	23,706	-	23,706
Share-based payments		-	-	-	-	7	-	7	-	7
Disposal of subsidiaries	12	-	-	-	17	-	-	17	(304)	(287)
Balance at 30 June 2013		481,785	(21,383)	1,255	(9,135)	2,453	99,443	554,418	48,879	603,297

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2013 (Continued)

Group	Note	Share capital $'000	Treasury shares $'000	Revaluation reserve (Note 19) $'000	Foreign currency translation reserve (Note 19) $'000	Share-based payments reserve (Note 19) $'000	Accumulated profits $'000	Total $'000	Non–controlling interests $'000	Total equity $'000
		Attributable to equity holders of the Company								
Balance as previously stated at 1 July 2011		458,079	(21,383)	-	(30,332)	2,089	153,441	561,894	44,855	606,749
Effect of adopting Amendments to FRS 12	2.1	-	-	-	-	-	(10,495)	(10,495)	(2,461)	(12,956)
Restated balance at 1 July 2011		458,079	(21,383)	-	(30,332)	2,089	142,946	551,399	42,394	593,793
Total comprehensive income/(loss)		-	-	1,255	16,215	-	(66,261)	(48,791)	(2,975)	(51,766)
Share-based payments		-	-	-	-	357	-	357	-	357
Acquisition of non-controlling interests in a subsidiary		-	-	-	-	-	-	-	(42)	(42)
Acquisition of interest by non-controlling interests		-	-	-	104	-	(69)	35	2,137	2,172
Disposal of subsidiaries	12	-	-	-	1,254	-	-	1,254	(596)	658
Dividends	28	-	-	-	-	-	(3,845)	(3,845)	-	(3,845)
Balance at 30 June 2012		458,079	(21,383)	1,255	(12,759)	2,446	72,771	500,409	40,918	541,327

The accompanying notes form an integral part of these financial statements

Statement of Changes in Equity

For the financial year ended 30 June 2013 (Continued)

	Note	Share capital $'000	Treasury shares $'000	Share-based payments reserve (Note 19) $'000	Accumulated losses $'000	Total equity $'000
Company						
Balance at 1 July 2012		458,079	(21,383)	2,446	(72,793)	366,349
Total comprehensive loss		-	-	-	(4,547)	(4,547)
Issue of shares	17	23,706	-	-	-	23,706
Share-based payments		-	-	7	-	7
Balance at 30 June 2013		481,785	(21,383)	2,453	(77,340)	385,515
Balance at 1 July 2011		458,079	(21,383)	2,089	(21,467)	417,318
Total comprehensive loss		-	-	-	(47,481)	(47,481)
Share-based payments		-	-	357	-	357
Dividends	28	-	-	-	(3,845)	(3,845)
Balance at 30 June 2012		458,079	(21,383)	2,446	(72,793)	366,349

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2013

	Note	2013 $'000	2012 $'000
Operating activities			
Profit/(loss) before income tax from continuing operations		27,952	(10,355)
Loss before income tax from discontinued operations	26	(116)	(12,985)
		27,836	(23,340)
Adjustments for:			
Depreciation for property, plant and equipment	4	12,411	17,108
Fair value (gain)/loss on investment properties	5	(41,676)	6,327
Net gain on disposal of investment properties		(14,577)	-
Allowance for doubtful trade receivables	11	378	617
Reversal of allowance for doubtful trade receivables	11	(1)	(311)
Amortisation of intangible assets	10	2,623	2,619
Bad trade receivables written off	24	605	353
Bad non-trade receivables written off	24	4,554	-
Gain on disposal of interest in subsidiaries	12	(19)	(15,964)
Impairment of goodwill	10	240	58,978
Gain on disposal of available-for-sale financial assets		-	(8,856)
Interest expense	23	8,504	16,008
Interest income	21	(1,660)	(1,864)
Net (gain)/loss on disposal of property, plant and equipment	24	(11)	174
Property, plant and equipment written off	24	211	46
Share of results of associates		(252)	(361)
Share-based payments		7	357
Operating (loss)/profit before working capital changes		(827)	51,891
Working capital changes:			
Inventories		19	(6)
Trade and other receivables		65,804	(94,326)
Course fees and management fees received in advance		1,285	3,823
Trade and other payables		(45,965)	69,076
Cash generated from operations		20,316	30,458
Interest paid		(5,804)	(5,648)
Interest received		747	975
Income tax paid		(6,250)	(12,017)
Net cash from operating activities		9,009	13,768

The accompanying notes form an integral part of these financial statements

For the financial year ended 30 June 2013 (Continued)

	Note	2013 $'000	2012 $'000
Investing activities			
Proceeds from disposal of property, plant and equipment		952	234
Proceeds from disposal of investment properties	A	28,848	-
Proceeds from disposal of available-for-sale financial assets		-	12,836
Purchase of property, plant and equipment	A	(23,001)	(19,673)
Disposal of interest in subsidiaries, net of cash disposed off	12	776	(1,629)
Advance payment for development cost		(3,041)	(751)
Deposit from disposal of investment properties		-	24,563
Compensation paid for the disposal of investment properties		-	(7,056)
Part payment of purchase consideration for acquisition of subsidiaries		-	(20,895)
Investment in available-for-sale financial assets		-	(1)
Acquisition of development costs		(296)	(2,474)
Additions of computer software		-	(428)
Acquisition of investment properties	A	(17,662)	-
Acquisition of non-controlling interests in a subsidiary		-	(43)
Additions of trademarks		(1)	(35)
Investment in a subsidiary by non-controlling interests		-	2,172
Dividends received from associates		210	341
Net cash used in investing activities		(13,215)	(12,839)
Financing activities			
Net proceeds from rights issue	17	23,706	-
Net proceeds from issue of medium term notes		127,812	-
Drawdown of borrowings		9,305	18,000
Repayment of borrowings		(126,686)	(35,490)
Dividend payments to equity holders of the Company	28	-	(3,845)
Net cash from/(used in) financing activities		34,137	(21,335)
Net change in cash and cash equivalents		29,931	(20,406)
Cash and cash equivalents at beginning of financial year		42,143	64,768
Effect of exchange rate changes in cash and cash equivalents		(1,179)	(2,219)
Cash and cash equivalents at end of financial year	12	70,895	42,143

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2013 (Continued)

Note A

	Note	2013 $'000	2012 $'000
Gain on disposal of investment properties		(14,577)	-
Disposal of investment properties	5	(17,103)	-
Increase in other receivables in relation to disposal of investment properties		2,832	-
Proceeds from disposal of investment properties per consolidated statement of cash flows		(28,848)	-
Additions of property, plant and equipment	4	54,366	45,621
Increase in non-current other payables in relation to property, plant and equipment		(22,244)	-
Increase in other payables in relation to property, plant and equipment		(9,390)	-
Increase/(decrease) in other receivable in relation to property, plant and equipment		269	(25,948)
Purchase of property, plant and equipment per consolidated statement of cash flows		23,001	19,673
Additions of investment properties	5	21,414	9,474
Decrease in prepayment in relation to investment properties		-	(9,474)
Increase in accruals in relation to investment properties		(3,752)	-
Additions of investment properties per consolidated statement of cash flows		17,662	-

The accompanying notes form an integral part of these financial statements

1. General corporate information

Raffles Education Corporation Limited (the "Company") is incorporated in the Republic of Singapore (Registration Number: 199400712N), and its registered office and principal place of business at Raffles Education Square, 51 Merchant Road, Singapore 058283. The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activities of the Company are those of an investment holding and provision of office support services.

The principal activities of significant subsidiaries are set out in Note 6 to the accompanying financial statements.

The consolidated financial statements relate to the Company and its subsidiaries (collectively referred to as the "Group") and the Group's interests in associates and joint ventures.

The consolidated financial statements of the Group, statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2013 were authorised for issue by the Board of Directors of the Company on 20 September 2013.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Cap. 50 and the Singapore Financial Reporting Standards ("FRS"), including related interpretation of FRS ("INT FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below. These accounting policies have been consistently applied to all the years presented in these financial statements, and have been consistently applied by the Group entities unless otherwise stated. The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore Dollar ("$") which is the Company's functional currency. All financial information presented in Singapore Dollar has been rounded to the nearest thousands ($'000), unless otherwise stated. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions, based on management's best knowledge, that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the financial year.

Information about significant sources of estimation uncertainty and critical accounting judgements that are significant to the financial statements are disclosed in Note 3 to the financial statements.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

During the current financial year beginning 1 July 2012, the Group and the Company have adopted all applicable new and revised FRS and INT FRS that are relevant to its operations and effective for the current financial year. The adoption of these new and revised FRS and INT FRS does not result in any changes to the Group's and the Company's accounting policies and have no material effect on the amounts reported for the current or prior financial years, except as disclosed below:

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income

The amendments to FRS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time will be presented separately from items which will never be reclassified. As the amendments only affect the presentation of items that are already recognised in other comprehensive income, there is no impact on the Group's financial position or performance on initial adoption of this standard in the financial year beginning on 1 July 2012.

Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets

The Group has adopted the amendment on 1 July 2012. The amendment introduced a rebuttable presumption that an investment property measured at fair value is recovered entirely through sale. The presumption can be rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 July 2012.

The Group previously provided for deferred tax liabilities for its investment properties in Oriental University City Limited ("OUC") on the basis that the carrying amount of the investment properties will be recovered through use. The Group has determined that deferred tax liabilities for certain investment properties which is held under the business model of education facilities leasing to universities or colleges and commercial leasing for supporting such education facilities will continue to be recovered through use. Upon adoption of the Amendments to FRS 12, except for above mentioned investment properties, there is presumption that the carrying amount of the other investment properties measured at fair value will be recovered entirely through sale.

The effects on adoption on the prior periods are as follows:

	As previously stated $'000	Change in accounting policy $'000	As restated $'000
Consolidated statement of financial position			
As at 1 July 2011			
Deferred tax liabilities	20,758	12,956	33,714
Accumulated profits and other reserves	125,198	(10,495)	114,703
Non-controlling interest	44,855	(2,461)	42,394

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets (Continued)

	As previously stated $'000	**Change in accounting policy $'000**	**As restated $'000**
Consolidated statement of profit or loss and other comprehensive income			
Financial year ended 30 June 2012			
Income tax expenses	(61,508)	12,956	(48,552)
Loss after income tax from continuing operating	(71,863)	12,956	(58,907)
Net loss for the financial year	(84,818)	12,956	(71,862)
Total comprehensive loss for the financial year	(64,722)	12,956	(51,766)
Net loss attributable to equity holders of the Company	(76,756)	10,495	(66,261)
Non-controlling interests	(8,062)	2,461	(5,601)
Total comprehensive loss attributable to equity holders of the Company	(59,286)	10,495	(48,791)
Total comprehensive loss attributable to non-controlling interests	(5,436)	2,461	(2,975)
Basic/diluted loss per share - continuing operations (cents)	(7.47)		(5.56)*
Basic/diluted loss per share - discontinuing operations (cents)	(1.51)		(1.35)*

*Adjusted for rights issue (Note 27)

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not early adopted the following new/revised FRS (including their consequential amendments) and INT FRS which are potentially relevant to the Group and the Company that have been issued but not yet effective for the current financial year.

		Effective date (annual periods beginning on or after)
FRS 19 (Revised)	Employee Benefits	1 January 2013
FRS 27 (Revised)	Separate Financial Statements	1 January 2014
FRS 28 (Revised)	Investments In Associates and Joint Ventures	1 January 2014
FRS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities	1 January 2014
FRS 36	Amendments to FRS 36 - Recoverable Amount Disclosures for Non - Financial Assets	1 January 2014
FRS 101 (Amendments)	Government Loans	1 January 2013
FRS 107 (Amendments)	Disclosure - Offsetting Financial Assets and Financial Liabilities	1 January 2013
FRS 110	Consolidated Financial Statements	1 January 2014
FRS 111	Joint Arrangements	1 January 2014
FRS 112	Disclosure of Interests in Other Entities	1 January 2014
FRS 113	Fair Value Measurement	1 January 2013
Improvements to FRSs 2012		1 January 2013
- FRS 1 (Amendments)	Presentation of Financial Statements	
- FRS 16 (Amendments)	Property, Plant and Equipment	
- FRS 32 (Amendments)	Financial Instruments: Presentation	
Transitional Guidance		1 January 2014
- FRS 110 (Amendments)	Consolidated Financial Statements	
- FRS 111 (Amendments)	Joint Arrangements	
- FRS 112 (Amendments)	Disclosure of Interests in Other Entities	
Investment Entities		1 January 2014
- FRS 27 (Amendments)	Separate Financial Statements	
- FRS 110 (Amendments)	Consolidated Financial Statements	
- FRS 112 (Amendments)	Disclosure of Interests in Other Entities	

Consequential amendments were also made to various standards as a result of these new/revised standards.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective (Continued)

Except as disclosed below in relation to FRS 111, FRS 112 and FRS 113, the adoption of the above FRS and INT FRS in future periods will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption.

FRS 111 Joint Arrangements and FRS 28 Investments in Associates and Joint Ventures

FRS 111 supersedes FRS 31, Interest in Joint Ventures, and INT FRS 13, Jointly Controlled Entities – Non-Monetary Contributions by Ventures. FRS 111 classifies a joint arrangement as either a joint operation or a joint venture based on the parties' rights and obligations under the arrangement. Under FRS 111 all joint ventures must be accounted for under the equity method, as described in the revised FRS 28, with proportionate consolidation prohibited. These changes will take effect from the financial year beginning on 1 July 2014 with full retrospective application.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 is a new standard which prescribes comprehensive disclosure requirements for all types of interests in other entities. It requires an entity to provide more extensive disclosures regarding the nature of any risks associated with its interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. As this is a disclosure standard, there will be no impact on the financial position or financial performance of the Group on initial adoption of the standard in the financial year beginning on 1 July 2014.

FRS 113 Fair Value Measurement

FRS 113 is a new standard that applies to both financial and non-financial items providing guidance on how to measure fair value in situations where fair value measurement is required by other FRSs. It provides a common fair value definition and hierarchy applicable to the fair value measurement of assets, liabilities, and an entity's own equity instruments within its scope, as well as disclosure requirements. FRS 113 will be effective prospectively from the financial year beginning on 1 July 2014.

Management is in the process of making an assessment of the above impact to the Group financial statements and is not yet in a position to state whether any substantial changes to the Group's and the Company's significant accounting policies and presentation of the financial information will be resulted.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

Subsidiaries are entities over which the Group has power to govern the financial and operating policies, generally accompanying a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have majority voting power but is able to govern the financial and operating policies by virtue of de facto control. Such control may arise from circumstances such as, including but not limited to, enhanced minority rights or contractual terms between shareholders.

Subsidiaries are consolidated from the date on which control commences until the date on which control ceases.

Investments in subsidiaries are stated at cost on the Company's statement of financial position less any accumulated impairment losses.

In preparing the consolidated financial statements, intra-group transactions, balances and any unrealised gains arising from intra-group transactions are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company using consistent accounting policies. Where necessary, accounting policies of subsidiaries are adjusted to ensure consistency with the policies adopted by the Group.

Non-controlling interests in subsidiaries are that part of the net results of operations and of net assets of subsidiaries attributable to interests which are not owned directly or indirectly by the Group. Non-controlling interests in subsidiaries are identified separately from the Group's equity therein.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to consolidated statement of profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

2.3 Business combination

Business combination on or before 30 June 2009

The purchase method of accounting is used to account for business combination. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any non-controlling interests.

Any excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill, accounted for in accordance with Note 2.8(i) to the financial statements.

Any excess of the Group's interest over the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as negative goodwill, credited in the consolidated statement of profit or loss of the Group on the date of acquisition.

Business combination on or after 1 July 2009

The acquisition of subsidiaries and businesses is accounted for using the acquisition method. The consideration of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in consolidated statement of profit or loss as incurred.

If the business combination is achieved by stages, the Group's previously held equity interest in the subsidiary is remeasured to fair value at the acquisition date through profit or loss.

Notes to the Financial Statements
For the financial year ended 30 June 2013

2. Summary of significant accounting policies (Continued)

2.3 Business combination (Continued)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in statement of profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in consolidated statement of profit or loss as a bargain purchase gain.

2.4 Associates

Associates are entities over which the Group has significant influence, but not control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds a shareholding of between and including 20% and 50% of the voting rights of another entity.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any impairment loss of individual investments. Losses of associates in excess of the Group's interest in those associates (which includes any long-term interests that, in substance, form part of the Group's net investment in the associates) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associates.

Where the Group transacts with associates of the Group, profits and losses are eliminated to the extent of the Group's interest in the respective associate. This applies to unrealised losses which are also eliminated but only to the extent that there is no impairment.

2. Summary of significant accounting policies (Continued)

2.4 Associates (Continued)

The most recent available audited financial statements of the associates are used by the Group in applying the equity method of accounting. Where audited financial statements are not available, the share of results are included by reference to their latest interim and annual management financial statements, adjusted for any effects of significant transactions or events made up to the end of the financial year.

2.5 Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

The Group recognises its interest in joint ventures using the proportionate consolidation method. Proportionate consolidation involves combining the Group's share of the joint ventures' income, expenses, assets and liabilities on a line-by-line basis with similar items in the Group's financial statements.

After application of the proportionate consolidation method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the joint venture companies. The joint venture companies are proportionately consolidated from the date the Group obtains joint control until the date that joint control ceases.

Any goodwill arising on the acquisition of the Group's interest in a joint venture is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary (Note 2.8 (i)).

Where the Group transacts with its joint ventures, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint ventures.

The most recent available audited financial statements of the joint venture entities are used by the Group in applying the proportionate consolidation method. The reporting dates of the joint venture entities and the Group are identical.

2.6 Property, plant and equipment

Property, plant and equipment held for use in the supply of goods and services or administrative purposes, are initially recorded at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the assets to the location and necessary condition for its intended use, and the cost of dismantlement and removing the item and restoring the site on which they are located.

2. Summary of significant accounting policies (Continued)

2.6 Property, plant and equipment (Continued)

Subsequent expenditure relating to the property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that the future economic benefits, in excess of standard performance of the asset before the expenditure was made, will flow to the Group, and the cost can be reliably measured. All other repair and maintenance expenses are recognised in the consolidated statement of profit or loss when incurred.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation on other items of property, plant and equipment is calculated and recognised in the consolidated statement of profit or loss using the straight-line basis over their estimated useful lives as follows:

Leasehold land, buildings and improvements*	3 – 50 years
Plant and equipment	10 years
Furniture, fittings and equipment	3 – 5 years
Computer equipment	3 – 5 years
Motor vehicle	1 – 7 years

The assets' residual values, estimated useful lives and depreciation method are reviewed, and adjusted as appropriate, at each reporting date.

Construction in-progress represents buildings under construction, which is stated at cost. Cost comprises the direct costs incurred during the period of construction, installation and testing. Construction in-progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use. No depreciation is provided on construction in-progress. Depreciation commences when the asset is ready for its intended use.

Gain or loss on disposal of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and its carrying amount and is recognised in the consolidated statement of profit or loss.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

* Majority of the leasehold land and buildings are depreciated over 20 – 50 years.

2.7 Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation and are not occupied by the Group, are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value with any changes therein recognised in the consolidated statement of profit or loss.

2. Summary of significant accounting policies (Continued)

2.7 Investment properties (Continued)

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements are capitalised as additions and carrying amounts of the replaced components are written off to the consolidated statement of profit or loss. The cost of maintenance, repairs and minor improvement are charged to the consolidated statement of profit or loss when incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification become its cost for accounting purposes.

If an owner-occupied property becomes an investment property, the property is remeasured to fair value. Any revaluation increase arising from the revaluation of such property is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such property is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

On disposal of an investment property, the difference between the net disposal proceeds and carrying amount is recognised in the consolidated statement of profit or loss.

Properties that are being constructed or developed for future use as investment properties are classified as properties under development until development or construction are completed, at which time they are transferred and accounted for as investment properties.

2.8 Intangible assets

An intangible asset that is acquired separately is capitalised at cost. Intangible asset from a business acquisition is capitalised at fair value at date of acquisition. After initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss.

(i) Goodwill on acquisitions

Goodwill on acquisitions represents the excess of the cost of the acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment loss. Goodwill arising on acquisition of subsidiaries or jointly controlled entities is presented separately as intangible assets. Goodwill on acquisition of associates is included in carrying amount of the investments.

With effect from 1 July 2009, acquisition of non-controlling interests in a subsidiary are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on proportional amount of the net assets of the subsidiary.

Notes to the Financial Statements
For the financial year ended 30 June 2013

2. Summary of significant accounting policies (Continued)

2.8 Intangible assets (Continued)

(i) Goodwill on acquisitions (Continued)

Prior to 1 July 2009, goodwill arising on the acquisition of a non-controlling interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of exchange.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

(ii) Trademarks

Trademarks with definite useful lives are stated at cost less accumulated amortisation and accumulated impairment loss. They are assessed for impairment annually or whenever there are indications of impairment. The useful lives are reviewed on an annual basis, and amortised using the straight-line method from the date on which they are available for use, over the estimated useful lives of up to 10 years.

(iii) Acquired students population

Intangible assets arising from the acquisition of existing student's population are amortised over 3 years based on the expected benefits from the acquired population and assessed for impairment whenever there is an indication of impairment.

(iv) Development costs

Expenditures on development activities, being the application of technical findings and/or other knowledge to a plan or design for the production of new or substantially improved products or services before commercial production or use, is capitalised if the products or services are technically and commercially feasible; adequate resources available to complete development and sufficient certainty of future economic benefits to the Group will cover not only the usual operation and administrative costs but also the development costs themselves.

Expenditure capitalised comprises all directly attributable costs, including materials, services and appropriate proportion of overhead costs. Other development expenditure is recognised in the consolidated statement of profit or loss as expense when incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation and assessed for impairment whenever there is an indication of impairment. Amortisation is calculated under straight-line method to allocate cost over the expected period of benefits, varying between useful lives of 3 to 7 years.

2. Summary of significant accounting policies (Continued)

2.8 Intangible assets (Continued)

(v) Computer software

Computer software is initially capitalised at costs which include purchase price and other directly attributable cost of preparing the asset for its intended use. Direct expenditure, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is recognised as a capital improvement and added to the original cost of the software. Maintenance costs are recognised as an expense when incurred.

Computer software is subsequently carried at cost less accumulated amortisation and accumulated impairment loss. These costs are amortised using the straight-line method over their estimated useful lives of 3 to 7 years.

2.9 Impairment of non-financial assets

Non-financial assets other than goodwill

The carrying amounts of non-financial assets are reviewed at end of each financial year for impairment loss and whenever events or changes in circumstances or objective evidence indicate that the carrying amount may not be recoverable. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of the asset or its cash-generating unit ("CGU") exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment loss is recognised in the consolidated statement of profit or loss, unless the asset is carried at revalued amount, in which case such impairment loss is treated as a revaluation decrease.

Recoverable amount is the higher of fair value less cost to sell and value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction. Value in use is the estimated future cash flows discounted to its present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

An impairment loss for an asset other than goodwill, is reversed if, and only if, there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's (CGU's) carrying amount does not exceed the carrying amount of the asset that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the assets in prior years. Reversals of impairment loss are recognised in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of impairment loss is treated as a revaluation increase.

2. Summary of significant accounting policies (Continued)

2.9 Impairment of non-financial assets (Continued)

Goodwill

Goodwill recognised separately as an intangible asset is tested annually for impairment, and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's CGUs expected to benefit from the synergies arising from the business combination. If the recoverable amount of the CGU is less than the carrying amount of the unit, including the goodwill, impairment loss is recognised in the consolidated statement of profit or loss and allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised as an expense and is not reversed in subsequent periods.

2.10 Inventories

Inventories comprising mainly teaching materials are measured at the lower of cost (first-in first-out method) and net realisable value. Cost includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

2.11 Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

All financial assets are recognised on a trade date where the purchase of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into "loans and receivables" and "available-for-sale financial assets". The classification depends on the nature and purpose of these financial assets and is determined at initial recognition. Management will re-evaluate this designation at each reporting date.

2. **Summary of significant accounting policies** (Continued)

2.11 Financial instruments (Continued)

Financial assets (Continued)

Effective interest method

The effective interest method calculates the amortised cost of a financial instrument and allocates the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments to the net carrying amount of the financial instrument other than those financial instruments at fair value through profit or loss.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides goods and services directly to receivables with no intention of trading the receivables. Loans and receivables are measured at amortised cost, where applicable, using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial. Loans and receivables are presented as "trade and other receivables" (excluding prepayments and tax recoverable) and "cash and cash equivalents" on the statements of financial position.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in values.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Investments in equity securities are designated in this category. They are presented as non-current assets unless management intends to dispose of the investment within 12 months after the reporting date.

After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment to be impaired at which time the cumulative gain or loss previously reported in equity is included in the consolidated statement of profit or loss. The fair value of investment that is actively traded in organised financial markets is determined by reference to the relevant Exchange's quoted market bid prices at the close of business on each reporting date.

Investment in equity instruments whose fair values cannot be reliably measured are measured at cost less impairment loss, if any.

2. **Summary of significant accounting policies** (Continued)

2.11 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the assets have been adversely impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the assets' carrying amounts and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amounts of all financial assets are reduced by the impairment losses directly.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the consolidated statement of profit or loss, is transferred from equity to the consolidated statement of profit or loss. Reversal of impairment loss in respect of equity instruments classified as available-for-sale is recognised through equity. Reversal of impairment loss on debt instruments is recognised in the consolidated statement of profit or loss if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the consolidated statement of profit or loss.

With the exception of available-for-sale equity instruments (as described in preceding paragraph), if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through the consolidated statement of profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

2. Summary of significant accounting policies (Continued)

2.11 Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities are classified as "other financial liabilities" and the accounting policies adopted for "other financial liabilities" are set out below.

Other financial liabilities

(i) Trade and other payables

Trade and other payables (excluding course fees and management fees received in advance) are initially recorded at the fair value of the consideration to be paid in the future, less transaction cost, for goods received or services rendered, whether or not billed to the Group, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

The fair values of other classes of financial liabilities are disclosed in the respective notes to the financial statements.

The fair values of financial liabilities are determined as follows:

- fair value of financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

- the fair value of other financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flows analysis using price from observable current market transactions and dealer quotes for similar instruments.

(ii) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred, and are subsequently recognised at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings, where possible, using the effective interest method.

Borrowings which are due to be settled within 12 months after the reporting date are presented as current borrowings even though the original term was for a period longer than 12 months and an agreement to refinance, to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorised for issue. Other borrowings due to be settled more than 12 months after the reporting date are presented as non-current borrowings in the statements of financial position.

2. Summary of significant accounting policies (Continued)

2.11 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Classification as debt or equity (Continued)

Other financial liabilities (Continued)

(iii) Financial guarantee contracts

Financial guarantees contract liabilities are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provision, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and consideration paid is recognised in the consolidated statement of profit or loss.

Offsetting financial instruments

Both financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset them and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Equity instruments and treasury shares

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments and are recorded at the proceeds received, net of direct issue costs.

When a share recognised as equity is repurchased, it is classified as treasury shares. The consideration paid, including any directly attributable incremental cost is presented as a deduction from total equity, until they are subsequently cancelled, sold or reissued.

When the treasury shares are subsequently cancelled, the cost of the treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When the treasury shares are subsequently sold or reissued pursuant to the performance share plan, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised as a change in equity of the Company.

2. Summary of significant accounting policies (Continued)

2.12 Non-current assets held for sale and discontinued operations

Non-current assets classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a complete sale within one year from the date of classification.

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2.13 Provisions

Provisions are recognised if as a result of a past event the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The expense relating to any provision is recognised in the consolidated statement of profit or loss.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.14 Operating leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group is the lessee

Payments made and rental payable under operating lease (net of any incentives received from the lessor) are recognised in the consolidated statement of profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which the economic benefits for the leased assets are consumed. Contingent rentals arising under operating leases, if any, are recognised as an expense in the period in which they are incurred.

Notes to the Financial Statements
For the financial year ended 30 June 2013

2. Summary of significant accounting policies (Continued)

2.14 Operating leases (Continued)

When the Group is the lessee (Continued)

In the event that lease incentives are received to enter into operating leases such incentives are recognised as a liability. The aggregate benefits of incentives is recognised as a reduction of rental expense on a straight-line basis except where another systematic basis is more representative of the time pattern in which the economic benefits for the leased assets are consumed.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

When the Group is the lessor

Rental income from operating leases (net of any incentives given to lessee) is recognised on a straight-line basis over the lease term. Assets subject to operating leases are included in investment properties and are stated at fair values and not depreciated.

2.15 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Course fees and related instruction costs are recognised over the period of instruction. Amounts of fees relating to future periods of instruction are included in course fees received in advance.

Revenue from rendering of management and registration services are recognised when the services are rendered.

Revenue from provision of canteen operations is recognised as and when such services are rendered.

Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable, on an effective yield basis.

Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

Rental income received and receivable from investment properties is recognised in the consolidated statement of profit or loss on a straight-line basis over the term of the relevant operating leases. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

2. Summary of significant accounting policies (Continued)

2.16 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the conditions for the grant will be met and will be received.

Grants in recognition of specific expenses are recognised in the consolidated statement of profit or loss over the periods necessary to match them with the relevant expenses they are intended to compensate. Grants related to depreciable assets are deferred and recognised in the consolidated statement of profit or loss over the period in which such assets are depreciated and used in the projects subsidised by the grants. The government grant is subject to tax.

2.17 Income tax expense

Income tax expense represents the sum of current and deferred taxes.

Current income tax is the expected amount of tax payable on taxable income for the financial year to tax authorities, using tax rates enacted or substantively enacted by the reporting date in countries where the Group operates.

Deferred income tax is provided using the liability method, for all temporary differences arising between the carrying amounts and tax bases of assets and liabilities in the financial statements at the reporting date. Deferred tax liability is not recognised on temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The amount of deferred tax provided is based on the manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted by the reporting date. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will be available against which the temporary differences can be utilised.

Current and deferred income taxes are recognised in the consolidated statement of profit or loss except to the extent that it relates to items or transactions which are recognised directly in equity, in which case such income tax is recognised in equity. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Notes to the Financial Statements
For the financial year ended 30 June 2013

2. Summary of significant accounting policies (Continued)

2.17 Income tax expense (Continued)

In determining the amount of current and deferred tax, the Group and the Company consider the impact of uncertain tax positions and whether additional taxes may be due. The Group and the Company believe that their accruals for tax liabilities are adequate for all open years based on their assessment of multiple factors, including interpretation and enforcement of tax laws and prior experience. These assessments rely on estimates and assumptions and involve significant judgements about future events. New information may become available that cause the Group and the Company to change their judgements regarding the adequacy of existing tax liabilities which will impact the tax expense in the period that such determination is made.

2.18 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined contribution plans

Defined contribution plans are post-employment benefits plans under which the Group pays fixed contributions into separate entities such as Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligation once the contributions have been paid.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the reporting date.

Share-based payments

The Company operates the following equity-settled share-based payment plans: Share options plan and Performance shares plan.

(i) Share options plan

The fair value of the employee services received in exchange for the grant of options is recognised as an expense in the consolidated statement of profit or loss with a corresponding increase in the share-based payments reserve over the vesting period.

The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of grant. In the valuation process, no account is taken of any performance conditions except of conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

2. Summary of significant accounting policies (Continued)

2.18 Employee benefits (Continued)

Share-based payments (Continued)

(i) Share options plan (Continued)

The expense recognised in the consolidated statement of profit or loss during each financial year reflects the manner in which the benefits will accrue to employees under the options plan over the vesting period. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

When the options are exercised and new ordinary shares issued, the proceeds received (net of any attributable transaction costs) and the corresponding amount of share option reserve are credited to share capital, or to the treasury shares account, when treasury shares are re-issued to employees.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payments arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

(ii) Performance shares plan

The fair value of employee services received in exchange for the grant of the awards would be recognised as a charge to the consolidated statement of profit or loss over the vesting period is determined by reference to the fair value of each award granted on the date of the award with a corresponding credit to equity.

The expense recognised in the consolidated statement of profit or loss during each financial year reflects the manner in which the benefits will accrue to employees under the shares plan over the vesting period. The charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of the period.

2. Summary of significant accounting policies (Continued)

2.18 Employee benefits (Continued)

Share-based payments (Continued)

(ii) Performance shares plan (Continued)

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

2.19 Finance costs

Finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the finance costs eligible for capitalisation.

All other finance costs are recognised as an expense in the periods in which they are incurred.

2.20 Foreign currencies

Functional and presentation currency

Individual financial statements of each entity in the Group are measured and presented using the currency of the primary economic environment in which the entity operates ("functional currency").

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore Dollar, which is the functional currency of the Company.

Transactions and balances

Transactions in currencies other than the entity's functional currency ("foreign currency") are translated to the respective functional currencies of the Group's entities at the exchange rates prevailing on the date of the transactions.

At each reporting date, monetary assets and liabilities denominated in foreign currencies are re-translated to the functional currency at the rates prevailing on the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated using the exchange rates prevailing on the date on which the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

2. Summary of significant accounting policies (Continued)

2.20 Foreign currencies (Continued)

Transactions and balances (Continued)

Exchange differences arising on the settlement and on re-translation of monetary assets and liabilities are recognised in the consolidated statement of profit or loss for the financial year. Exchange differences arising on settlement and on re-translation of non-monetary assets and liabilities are recognised in the consolidated statement of profit or loss except for differences arising on the re-translation of items of which gains and losses are recognised directly in equity.

Foreign operations

For the purpose of presenting consolidated financial statements, the results and financial positions of the Group's foreign operations (none of which has the currency of a hyperinflationary economy) are translated into Singapore Dollar as follows:

- assets and liabilities are translated at exchange rates prevailing at the reporting date;
- income and expenses are translated at average exchange rates for the financial year;
- all resulting foreign exchange differences, if any, are transferred to the foreign currency translation reserve. Such exchange differences are recognised in the consolidated statement of profit or loss and as part of the gain or loss on disposal in the period in which the foreign operation is disposed of; and
- goodwill and fair value adjustments arising on the acquisition of foreign operation are treated as assets and liabilities of the foreign operation and translated at exchange rates prevailing at the reporting date.

On the disposal of the Group's entire interest in a foreign operation or a disposal resulting in loss of control over subsidiary that includes a foreign operation, or a disposal resulting in loss of joint control over a jointly-controlled entity that includes a foreign operation, or a disposal resulting in loss of significant influence over an associate that includes a foreign operation, all exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

On partial disposal where the Group still retains control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. On partial disposal where the Group still retains significant influence and joint control over an associate and jointly-controlled entity that include a foreign operation respectively, the proportionate share at accumulated exchange difference is reclassified to profit or loss.

2. Summary of significant accounting policies (Continued)

2.21 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders. Dividends proposed or declared after the reporting date are not recognised as a liability at the reporting date.

2.22 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses relating to transactions with the Group's other components. All operating segment's operating results are reviewed by the Group's Chief Executive Officer to make decisions about resources allocation to the segment and assess its performance, and for which discrete financial information is available.

2.23 Earnings/(loss) per share

The Group presents basic and diluted earnings/(loss) per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the Group's net profit/(loss) attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the financial year.

Diluted EPS is determined by adjusting the weighted average numbers of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. The Company has one category of potentially dilutive ordinary shares which is share options.

For share options, the weighted average number of ordinary shares in issue is adjusted to include the dilutive effect arising from the exercise of all outstanding share options granted to employees where such shares would be assumed to be issued at a price lower than the fair value (average share price during the year). The difference between the weighted average number of shares to be issued at the exercise prices under the options scheme and the weighted average number of shares that would have been issued at the fair value based on assumed proceeds from the issue of these shares are treated as ordinary shares issued for no consideration. The number of such shares issued for no consideration is added as the dilutive effect to the number of ordinary shares outstanding for diluted EPS calculation. Adjustment, if any, will be made to the net profit or loss attributable to equity holders when calculating diluted EPS.

The average fair value of the Company's shares for the purpose of calculating dilutive effect of shares options was based on quoted market prices for the period during which the options were outstanding.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

3.1 Critical judgements made in applying the accounting policies

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Group's accounting policies and which have the significant effect on the amounts recognised in the consolidated financial statements.

(i) Impairment of non-financial assets

Non-financial assets are tested for impairment annually or when there are indications that the carrying amounts may not be recoverable. The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date.

Determining whether the asset is impaired requires an estimation of the value in use of the assets or cash-generating unit. The value in use calculation requires management to estimate the future cash flows expected from the asset or cash-generating unit and a suitable discount rate in order to calculate present value.

(ii) Impairment of financial assets

The Group follows the guidance of FRS 39 in determining whether a financial asset is impaired. This determination requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost and other near-term business outlook, including industry and sector performance, changes in technology, operational and financing cash flow.

(iii) Litigation provisions

As a global company with a diverse business portfolio, the Group is exposed to numerous legal risks, particularly in the areas of commercial transactions, tax assessments and employee matters. The outcome of the currently pending and future proceedings cannot be predicted with certainty. Thus, an adverse decision in a lawsuit could result in additional costs that are not covered, either wholly or partially, under insurance policies and that could significantly impact the business and results of operations of the Group and of the Company.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.1 Critical judgements made in applying the accounting policies (Continued)

(iii) Litigation provisions (Continued)

Litigation and other judicial proceedings as a rule raise difficult and complex legal issues and are subject to many uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, issues regarding the jurisdiction in which each suit is brought and differences in applicable law. Upon resolution of any pending legal matter, the Group and the Company may be forced to incur charges in excess of the presently established provisions and related insurance coverage. It is possible that the financial position, results of operations or cash flows of the Group and the Company could be materially affected by unfavourable outcome of litigation.

Litigation and administrative proceedings are evaluated on a case-by-case basis considering the available information, including that from legal counsel, to assess potential outcomes. Where it is considered probable that a future obligation will result in an outflow of resources, which can be reliably measured, a provision is recorded in the amount of the present value of the expected cash outflows. These provisions cover the estimated payments to claimants, court fees, attorney costs and the cost of potential settlements. The Group and the Company have in the past adjusted existing provisions as proceedings have continued, been settled or otherwise provided with further information on which the likelihood of outflows of resources can be reviewed and measured. Management expects to continue to do so in future periods.

(iv) Classification between investment properties and property, plant and equipment

In accordance with FRS 40 *Investment Property*, the Group has established certain criteria in making judgement on whether a property qualifies as an investment property. Investment property is a property held for capital appreciation or to earn rentals or both. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property. In addition, depending on the Group's latest corporate strategies, from time to time, the management may change the usage of its landed properties between property, plant and equipment and investment properties.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.1 Critical judgements made in applying the accounting policies (Continued)

(v) Evaluation of levels of control and influence

The Group and the Company carry on parts of its business activities through subsidiaries, associates or joint ventures. In those circumstances, the Group and the Company have the ability to affect the significant financial and operating policies of the investees through the presence of control, significant influence or joint control. The definition of control, significant influence and joint control is defined in Note 2.2, 2.4 and 2.5 respectively. The determination of the level of influence the Company and the Group have over a business is often a mix of contractually defined and subjective factors that can be critical to the appropriate accounting treatment of investees in the Company's and the Group's financial statements. The management exercises significant judgement in analysing and evaluating relevant, subjective, diverse and sometimes contrasting qualitative and quantitative facts and circumstances surrounding its involvement in the investees, in determining whether the Group and the Company have control, significant influence or joint control over the investees. There are instances, elements are present that, considered in isolation, indicate control or lack of control over an investee, but when considered together make it difficult to reach a clear conclusion. In certain circumstances, despite the lack of the required legal equity ownership, there could exist a parent-subsidiary relationship, an investor-associate relationship or a joint-investor relationship between the Group and the Company with these investees. Such evaluation and assessment processes do take into consideration to account for transactions and events in accordance with their substance and economic reality, and not merely their legal forms.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Depreciation of property, plant and equipment and amortisation of computer software

Property, plant and equipment and computer software are depreciated and amortised respectively on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 1 to 50 years. The carrying amounts of the Group's property, plant and equipment and computer software as at 30 June 2013 were approximately $304,417,000 and $1,097,000 (2012: $169,379,000 and $1,367,000) respectively. Future changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation and/or amortisation charges could be revised.

Notes to the Financial Statements
For the financial year ended 30 June 2013

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(ii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units ("CGU") to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill as at 30 June 2013 was approximately $123,215,000 (2012: $123,455,000). More details on the impairment testing of goodwill are given in Note 10 to the financial statements.

(iii) Valuation of investment properties

The Company's and the Group's accounting policy relating to investment properties are described in Note 2.7 to the financial statements. In applying this policy, judgement made in the context of valuation of investment properties can materially impact the Company's and the Group's financial position and performance. Accordingly, the Company and the Group engaged independent valuation specialists who used recognised valuation techniques, subjective assumptions and estimates such as future cash flows from these assets to determine the fair values of the investment properties. These estimates are based on local market conditions existing at the reporting date. In arriving at their estimates of market values, the independent valuation specialists used their market knowledge and professional judgement and did not rely solely on historical transaction comparable. The carrying amount of investment properties as at 30 June 2013 was approximately $368,006,000 (2012: $411,821,000).

(iv) Impairment of trade and other receivables

The management establishes allowance for doubtful receivables on a case-by-case basis when it believes that payment of amounts owed is unlikely to occur. In establishing these allowances, the management considers its historical experience and changes to its customers' financial position. If the financial conditions of receivables were to deteriorate, resulting in impairment of their abilities to make the required payments, additional allowances may be required. The carrying amounts of trade and other receivables for the Group and the Company as at 30 June 2013 was approximately $138,965,000 (2012: $147,972,000) and $285,429,000 (2012: $271,712,000) respectively.

(v) Impairment of investments in subsidiaries, associates and joint ventures

Management follows the guidance of FRS 36 *Impairment of Assets*, in determining whether investments in subsidiaries, associates and joint ventures are impaired. This requires assumption to be made regarding the duration and extent to which the fair value of an investment is less than its costs, the financial health, and near-term business outlook of the investments including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(v) Impairment of investments in subsidiaries, associates and joint ventures (Continued)

Management's assessment for impairment of investments in subsidiaries is based on the estimation of value in use of the cash-generating unit ("CGU") by forecasting the expected future cash flows for a period of up to 10 years, using a suitable discount rate to calculate the present value of those cash flows. The Company's carrying amount of investments in subsidiaries and associates at 30 June 2013 was approximately $300,031,000 and $Nil (2012: $301,152,000 and $Nil) respectively.

(vi) Income tax position

The Group and the Company have exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the provisions for income taxes on a group basis.

Some of the Group's People's Republic of China ("PRC") subsidiaries did not recognise any income tax liabilities on its education-related income. Management is of the opinion such education-related income is tax exempted according to the tax practices in PRC and their experience as education operators in PRC. Further, there are no specific tax implementation measures applicable for such income in PRC yet and tax liabilities cannot be reliably quantified as at year end.

The Group and the Company recognised liabilities for expected tax issues based on estimates of additional liable taxes. Where the final tax outcome of these matters is different from the tax position by the Group and the Company, such differences will impact the income tax and deferred tax provision in the financial year in which such determination is made. The carrying amounts of the Group's income tax payable, deferred tax assets and liabilities as at 30 June 2013 are $50,486,000 (2012: $79,687,000), $857,000 (2012: $700,000) and $21,289,000 (2012: $3,975,000) respectively. As at 30 June 2013, the Company's income tax payable is $421,000 (2012: $1,543,000).

(vii) Estimated tax provisions arising from a restructuring exercise and government grant

During the financial year ended 30 June 2013 and 30 June 2012, certain land titles were rationalised amongst the subsidiaries in the restructuring exercise. The transfer of land titles were subject to business tax and surcharges, land appreciation tax, stamp duties and corporate income tax which were estimated and provided for. A corresponding government grant income has been accounted for. Where the final tax outcome arising from the land restructuring is different from the amounts that were initially recorded, such differences will impact the relevant expenses and tax provision and previously recognised government grant will be adjusted correspondingly, in the period in which such determination is made. As at 30 June 2013, the carrying amounts of grant receivable, income tax payable and other payables are $33,789,000 (2012: $91,952,000), $31,758,000 (2012: $51,414,000) and $2,031,000 (2012: $40,539,000) respectively.

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4. Property, plant and equipment

Group 2013	Freehold land $'000	Leasehold land, buildings and improvements $'000	Plant and equipment $'000	Furniture, fittings and equipment $'000	Computer equipment $'000	Motor vehicle $'000	Construction in-progress $'000	Total $'000
Cost								
Balance at 1 July 2012	17,038	145,535	2,692	20,894	11,648	1,631	18,635	218,073
Arising from disposal of subsidiaries (Note 12)	-	-	-	(232)	(206)	-	-	(438)
Additions	33,477	1,597	128	2,641	2,463	370	13,690	54,366
Disposals	-	(763)	(1)	(2,852)	(3,041)	(290)	-	(6,947)
Written off	-	(7,488)	(89)	(3,116)	(531)	-	-	(11,224)
Reclassified from/(to) intangible assets (Note 10)	-	-	-	-	5	-	(103)	(98)
Transfer from investment properties (Note 5)	-	91,459	-	2,567	-	-	-	94,026
Reclassifications	17	665	-	2	(2)	-	(682)	-
Foreign currency realignment	(590)	601	(9)	(16)	(78)	16	546	470
Balance at 30 June 2013	49,942	231,606	2,721	19,888	10,258	1,727	32,086	348,228
Accumulated depreciation and impairment losses								
Balance at 1 July 2012	-	22,399	1,631	15,342	8,236	1,086	-	48,694
Arising from disposal of subsidiaries (Note 12)	-	-	-	(196)	(183)	-	-	(379)
Depreciation charged	-	6,543	381	3,412	1,863	212	-	12,411
Disposals	-	(391)	(1)	(2,554)	(2,887)	(276)	-	(6,109)
Written off	-	(7,307)	(78)	(3,101)	(527)	-	-	(11,013)
Foreign currency realignment	-	167	11	58	(39)	10	-	207
Balance at 30 June 2013	-	21,411	1,944	12,961	6,463	1,032	-	43,811
Carrying amounts								
Balance at 30 June 2013	49,942	210,195	777	6,927	3,795	695	32,086	304,417

4. Property, plant and equipment (Continued)

Group 2012	Freehold land $'000	Leasehold land, buildings and improvements $'000	Plant and equipment $'000	Furniture, fittings and equipment $'000	Computer equipment $'000	Motor vehicle $'000	Construction in-progress $'000	Total $'000
Cost								
Balance at 1 July 2011	35,228	128,689	2,016	21,539	10,758	1,760	2,944	202,934
Arising from disposal of subsidiaries (Note 12)	-	(103)	-	(100)	(116)	-	-	(319)
Additions	-	26,391	640	1,373	1,739	64	15,414	45,621
Disposals	-	(303)	-	(1,079)	(840)	-	-	(2,222)
Written off	-	(222)	-	(46)	(42)	-	-	(310)
Reclassified from intangible assets (Note 10)	-	-	-	-	-	-	499	499
Transfer to investment properties (Note 5)	(17,901)	(17,162)	-	-	-	-	-	(35,063)
Transfer from investment properties (Note 5)	-	31,429	-	-	-	-	-	31,429
Reclassified as held for sale (Note 13)	-	(28,731)	-	(1,521)	(348)	(306)	(602)	(31,508)
Reclassifications	(116)	123	-	(210)	210	-	(7)	-
Foreign currency realignment	(173)	5,424	36	938	287	113	387	7,012
Balance at 30 June 2012	17,038	145,535	2,692	20,894	11,648	1,631	18,635	218,073
Accumulated depreciation and impairment losses								
Balance at 1 July 2011	-	17,819	1,184	13,202	6,690	892	-	39,787
Arising from disposal of subsidiaries (Note 12)	-	(64)	-	(89)	(116)	-	-	(269)
Depreciation charged	-	10,388	417	3,753	2,218	332	-	17,108
Disposals	-	(171)	-	(970)	(674)	-	-	(1,815)
Written off	-	(194)	-	(41)	(29)	-	-	(264)
Reclassified as held for sale (Note 13)	-	(3,089)	-	(1,069)	(314)	(208)	-	(4,680)
Transfer to investment properties (Note 5)	-	(3,339)	-	-	-	-	-	(3,339)
Reclassifications	-	-	-	(161)	161	-	-	-
Foreign currency realignment	-	1,049	30	717	300	70	-	2,166
Balance at 30 June 2012	-	22,399	1,631	15,342	8,236	1,086	-	48,694
Carrying amounts								
Balance at 30 June 2012	17,038	123,136	1,061	5,552	3,412	545	18,635	169,379

Notes to the Financial Statements
For the financial year ended 30 June 2013

4. Property, plant and equipment (Continued)

Land, buildings and leasehold improvements consist of certain land use rights. As these land use rights could not be reliably allocated between land, buildings and leasehold improvements, the rights were not separately disclosed.

As of 30 June 2013, legal ownership and title deeds of certain properties of carrying amount $44.53 million (2012: $17.04 million) have not been formally transferred from vendor to the Group due to delay in the completion of certain formal procedures.

Certain leasehold land, buildings and improvements with carrying value of $90.9 million (2012: $Nil) were mortgaged to secure borrowings as referred to in Note 15 to the financial statements.

5. Investment properties

	Group	
	2013 $'000	**2012 $'000**
Balance at beginning of financial year, at valuation	411,821	592,548
Additions	21,414	9,474
Disposals	(17,103)	-
Fair value gain/(loss) recognised in consolidated statement of profit or loss (net)	41,676	(6,327)
Reclassified to assets held for sale (Note 13)	-	(214,775)
Transfer from property, plant and equipment (Note 4)	-	31,724
Transfer to property, plant and equipment (Note 4)	(94,026)	(31,429)
Revaluation gain on transferring owner-occupied property	-	1,549
Foreign currency realignment	4,224	29,057
Balance at end of financial year, at valuation	368,006	411,821

(a) The investment properties in current financial year relate to land and properties of certain subsidiaries held by Oriental University City Limited ("OUC"), Raffles Assets (Thailand) Co., Ltd ("RATH"), and Raffles Iskandar Sdn. Bhd. ("RISB"). Located in the Langfang Economic and Development Zone, Langfang City, Hebei Province, PRC, OUC owns and leases out investment properties to colleges within its self-contained campus. The land under RATH and RISB are vacant as at 30 June 2013. Investment property held by Raffles Assets (Singapore) Pte Ltd amounting to $94 million (2012: $75 million) has been transferred to leasehold land, buildings and improvements during the financial year upon change of use to owner-occupied property.

Rental income from the Group's investment properties which are leased out under operating leases, amounted to $14.19 million (2012: $20.36 million). Direct operating expenses arising from rental and non-rental-generating investment properties amounted to $6.19 million and $9.84 million respectively (2012: $12.26 million and $14.04 million).

5. Investment properties (Continued)

(b) Investment properties are stated at fair value, determined based on professional valuation carried out by firms of independent valuation specialist holding recognised and relevant professional qualifications and recent experience in the locations and categories of the properties being valued.

The valuations are performed in accordance with the International Valuation Standards and made on the basis of market value using Direct Comparison Approach and Income Approach. Direct Comparison Approach makes reference to the comparable sales evidences in the relevant locality while Income Approach base on capitalisation of net rental income derived from the existing tenancies with due allowances for reversionary income potential of the property or by reference to comparable market transactions.

The valuers considered information from a variety of sources including:

(i) current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences;

(ii) discounted cashflow projections based on reliable estimates of future cashflow; and

(iii) capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

In relying on the valuation reports, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions.

(c) On 20 April 2012, the Group entered into an Equity Transfer Agreement in connection with the proposed disposal of certain 670mu land and properties (Note 13). The above mentioned land was accordingly classified as assets held for sale as at 30 June 2012. The disposal was completed in financial year 2013.

(d) $336.6 million (2012: $381.9 million) of the Group's investment properties are held under leasehold interests between 36 to 41 years (2012: 37 to 80 years). The remaining investment properties are freehold.

(e) Certain investment properties with carrying values totalling $19.2 million (2012: $85.0 million) were mortgaged to secure borrowings as referred to in Note 15 to the financial statements.

(f) Investment properties of the Group are held mainly for leasing to tenants under operating leases.

(g) As at reporting date, the legal ownership and title deed at all land use right are formally transferred from the vendor to the Group. However, the title deed of certain buildings with carrying amount approximately $21.9 million (2012: $20.5 million) had not been transferred to the Group due to delay in the completion of certain formal procedures.

Notes to the Financial Statements
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6. Investments in subsidiaries

	Company 2013 $'000	Company 2012 $'000
Unquoted equity shares, at cost	378,433	373,506
Less: Allowance for impairment loss	(78,402)	(72,354)
	300,031	301,152

Analysis of allowance for impairment loss on investments in subsidiaries during the financial year was as follows:

	Company 2013 $'000	Company 2012 $'000
Balance at beginning of financial year	72,354	10,973
Allowance made during the financial year	6,048	62,800
Allowance written off during the financial year	-	(1,419)
Balance at end of financial year	78,402	72,354

Additional allowance for impairment loss on investments in subsidiaries was recognised in the statement of profit or loss of the Company as certain subsidiaries of the Company ceased operations during the financial year.

Particulars of the significant subsidiaries are as follows:

Subsidiaries	Effective equity interest held by the Group 2013 %	Effective equity interest held by the Group 2012 %	Country of incorporation/ operation	Principal activities
Raffles Design Institute Shanghai[(a)]	100	100	People's Republic of China	Provision of training programmes and courses in various areas of design and management
Raffles-BICT International College[(a)]	100	100	People's Republic of China	Provision of training programmes and courses in various areas of design and management
Raffles-C.U. International Design College[(a)]	100	100	People's Republic of China	Provision of training programmes and courses in various areas of design and management
Raffles Design Institute Guangzhou[(a)]	100	100	People's Republic of China	Provision of training programmes and courses in various areas of design and management

6. Investments in subsidiaries (Continued)

Particulars of the significant subsidiaries are as follows: (Continued)

Subsidiaries	Effective equity interest held by the Group 2013 %	2012 %	Country of incorporation/ operation	Principal activities
Raffles College Pty Ltd[b]	100	100	Australia	Provision of training programmes and courses in various areas of design and commerce
Raffles Design International (India) Pty Ltd[c]	100	100	India	Provision of training programmes and courses in various areas of design and management
Raffles Design International (Thailand) Limited[d][h]	49	49	Thailand	Provision of training programmes and courses in various areas of design and management
PT Raffles Design Institute[a]	100	100	Indonesia	Provision of training programmes and courses in various areas of design and management
Raffles College of Design and Commerce (New Zealand) Limited[e]	100	100	New Zealand	Provision of training programmes and courses in various areas of design and management
Wanbo Technology Vocation Institute[a]	100	100	People's Republic of China	Provision of vocational and technical training
Raffles International Mongolia Co., Ltd[f]	75	75	Mongolia	Provider of education services
Tianjin University of Commerce Boustead College[a]	100	100	People's Republic of China	Operation of education business
Raffles Design Institute Pte Ltd	100	100	Singapore	Provider of education services
Raffles School of Business Pte Ltd	100	100	Singapore	Provider of education services
Langfang Development Zone Oriental University City Higher Education Co., Ltd[g]	81	81	People's Republic of China	Provider of education services

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6. Investments in subsidiaries (Continued)

Particulars of the significant subsidiaries are as follows: (Continued)

Subsidiaries	Effective equity interest held by the Group 2013 %	2012 %	Country of incorporation/ operation	Principal activities
Langfang Development Zone Oriental University City Education Consultancy Co., Ltd[g]	81	81	People's Republic of China	Provider of education supporting services
Langfang Development Zone Shenglong Property Management Service Co., Ltd[g]	81	81	People's Republic of China	Provider of utilities management services
Langfang Oriental Institute of Technology[g]	81	81	People's Republic of China	Provision of training programmes and courses in various areas of design and management

Notes on significant subsidiaries:

All the subsidiaries are audited by BDO LLP, Singapore except for the following:

- (a) Audited by overseas member firms of BDO
- (b) Audited by other firm of auditors, RSM Bird Cameron Partners, Australia
- (c) Audited by other firm of auditors, Haribhakti & Co., India
- (d) Audited by other firm of auditors, Sunantanawat Audit Company Limited, Thailand
- (e) Audited by other firm of auditors, RSM Prince, New Zealand
- (f) Audited by other firm of auditors, Panthere Midland Audit LLC, Mongolia
- (g) Audited by other firm of auditors, PricewaterhouseCoopers Zhong Tian CPAs Limited Company, People's Republic of China
- (h) Deemed to be a subsidiary of the Company by virtue of management control

In appointing the auditors of the Company and the subsidiaries, the Group has complied with Rule 712 and Rule 716 of the SGX-ST listing manual.

7. Investments in associates

	Group 2013 $'000	Group 2012 $'000
Unquoted equities, at cost	1,070	1,070
Share of post-acquisition results net of dividend received	234	192
	1,304	1,262

The summarised financial information of the Group's associates is set out as follows:

	Group 2013 $'000	Group 2012 $'000
Assets	5,157	5,329
Liabilities	2,367	2,590
Revenue	5,036	5,795
Profit for the financial year	1,383	1,871

Details of significant associates as at 30 June 2013 are as follows:

Associates	Effective equity interest held by the Group 2013 %	Effective equity interest held by the Group 2012 %	Country of incorporation/ operation	Principal activities
Raffles College of Higher Education Sdn. Bhd.[(a)]	20	20	Malaysia	Provision of training programmes and courses in various areas of design and management

Notes on significant associates:

[(a)] Audited by overseas member firm of BDO

Notes to the Financial Statements
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8. Investments in joint ventures

In the financial year 2012, the Group sold 50% equity interest in Value Vantage Pte Ltd ("Value Vantage"). Subsequent to the sale, Value Vantage Pte Ltd and its subsidiaries, are classified as jointly-controlled entities. As at 30 June 2012 and 2013, certain assets of Value Vantage was classified as "Assets held for sale" (Note 13).

The Group's share of income and expense, and assets and liabilities of the joint ventures at the end of the financial year are as follows:

	Group 2013 $'000	Group 2012 $'000
Income and expenses		
Share of income	4,915	6,534
Share of expenses	(8,591)	(11,086)
Assets and liabilities		
Share of current assets	49,272	47,316
Share of non-current assets	11,311	12,295
Share of total assets	60,583	59,611
Share of current liabilities, representing share of total liabilities	1,926	1,822

There are no contingent liabilities relating to the Group's interest in the joint ventures, and no contingent liabilities of the venture itself. The Group's share of capital commitments in the joint ventures are included in Note 31.

Particulars of the significant joint ventures as at 30 June 2013 are as follows:

Joint ventures	Effective equity interest held by the Group 2013 %	Effective equity interest held by the Group 2012 %	Country of incorporation/ operation	Principal activities
Educomp-Raffles Higher Education Limited[(a)]	50	50	India	Provision of training programmes and courses in various areas of design and management
Shanghai Zhonghua Vocation Institute[(b)]	50	50	People's Republic of China	Provision of vocational and technical training

Notes on significant joint ventures:

[(a)] Audited by other firm of auditors, Haribhakti & Co., India

[(b)] Audited by overseas member firm of BDO

9. Available-for-sale financial assets

	Group	
	2013	2012
	$'000	$'000
Unquoted equity interest, at cost	616	609

The unquoted equity interests were acquired as part of the assets in certain subsidiaries of Oriental University City Limited ("OUC") during the financial year 2008.

As these equity interests in unquoted corporations in the People's Republic of China are not similar in size and activity to any quoted entities and there is no active market for these equity interests, it is not practicable to determine the fair value of these unquoted equity interests with sufficient reliability. Consequently, these unquoted equity interests are carried at cost less impairment loss, if any, recoverable amounts based on management's assessment.

10. Intangible assets

	Goodwill on acquisitions	Trademarks#	Acquired students population	Development costs	Computer software	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
2013						
Cost						
Balance at 1 July 2012	189,387	226	2,815	13,501	1,846	207,775
Additions	-	1	-	296	-	297
Reclassified from property, plant and equipment (Note 4)	-	-	-	98	-	98
Written off	(66,172)	-	(2,707)	(131)	-	(69,010)
Foreign currency realignment	-	-	(108)	(127)	(23)	(258)
Balance at 30 June 2013	123,215	227	-	13,637	1,823	138,902
Accumulated amortisation and impairment losses						
Balance at 1 July 2012	65,932	54	2,815	6,886	479	76,166
Amortisation	-	16	-	2,353	254	2,623
Impairment	240	-	-	-	-	240
Written off	(66,172)	-	(2,707)	(131)	-	(69,010)
Foreign currency realignment	-	-	(108)	(39)	(7)	(154)
Balance at 30 June 2013	-	70	-	9,069	726	9,865
Carrying amounts						
As at 30 June 2013	123,215	157	-	4,568	1,097	129,037

Relates to cost for trademarks registration capitalised by the Company.

10. Intangible assets (Continued)

Group	Goodwill on acquisitions $'000	Trademarks# $'000	Acquired students population $'000	Development costs $'000	Computer software $'000	Total $'000
2012						
Cost						
Balance at 1 July 2011	203,561	191	2,815	11,975	1,430	219,972
Additions	-	35	-	2,474	428	2,937
Reclassified to property, plant and equipment (Note 4)	-	-	-	(499)	-	(499)
Reclassified as held for sale (Note 13)	(14,244)	-	-	-	-	(14,244)
Foreign currency realignment	70	-	-	(449)	(12)	(391)
Balance at 30 June 2012	189,387	226	2,815	13,501	1,846	207,775
Accumulated amortisation and impairment losses						
Balance at 1 July 2011	6,954	-	2,815	4,718	324	14,811
Amortisation	-	54	-	2,365	200	2,619
Impairment	58,978	-	-	-	-	58,978*
Foreign currency realignment	-	-	-	(197)	(45)	(242)
Balance at 30 June 2012	65,932	54	2,815	6,886	479	76,166
Carrying amounts						
As at 30 June 2012	123,455	172	-	6,615	1,367	131,609

Relates to cost for trademarks registration capitalised by the Company.

* Included within this amount is an amount of approximately $7,344,000 which relates to discontinued operations (Note 26).

10. Intangible assets (Continued)

Goodwill acquired in a business combination is allocated to the cash-generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated to the CGUs which made up of the various subsidiaries and joint ventures are as follows:

	Group	
	2013 $'000	**2012 $'000**
Continuing operations:		
China Education Limited	94,164	94,164
Educomp-Raffles Higher Education Limited	10,780	10,780
Raffles College Pty Ltd	10,481	10,481
Others(#)	7,790	8,030
	123,215	123,455

(#) Individually insignificant

The Group tests the CGUs annually for impairment or more frequently when there are indications that the CGUs might be impaired.

Impairment testing of goodwill

The recoverable amounts of the CGUs are determined from value in use calculations.

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 ten-years. Management is of the opinion that, ten-year cash flow projections are more reflective of the business prospective in which the CGUs are operating in.

The pre-tax discount rate applied to the cash flow projections is 6% (2012: 5%) and reflects specific risks relating to the business segment and cash flows beyond the one-year period. The growth rates used are based on the industry growth forecast and for cash flow projections beyond a five-year period, no growth is projected after the fifth year.

For valuation performed on the fair value of the business, the recoverable amounts are determined based on valuation performed by independent professionals on the fair value of the businesses. The valuations considered the offer prices by the Group to acquire the non-controlling interests in these units with a range of market indicators across similar privatisation deals of comparable companies.

Total impairment charge of approximately $240,000 (2012: $58,978,000) was recognised in the consolidated statement of profit or loss. Impairment charge for current financial year was related to "Others" category above. Impairment charge of approximately $50,485,000 in financial year 2012 was related to Hartford Education Corporation Limited, out of which approximately $7,344,000 was recorded in discontinued operations (Note 26), and $8,493,000 was related to "Others" category respectively. The impairment charge has arisen mainly due to the reason that certain subsidiaries' operations have ceased or were in the process of ceasing operations or disposed or the recoverable amounts are less than their carrying amounts.

10. Intangible assets (Continued)

Impairment testing of goodwill (Continued)

The impairment loss was recognised as the impairment test carried out for the CGUs revealed that the recoverable amount of these CGUs were lower than the carrying amount of goodwill allocated to these CGUs.

Sensitivity analysis

The management has estimated that even if the projected net cash inflows had been 10% lower or if the estimated discounted rate applied to the discounted cash flows had been 7% instead of 6%, there is no significant impact to the carrying amount of goodwill allocated to the significant CGUs/subsidiaries as shown in the table above.

11. Trade and other receivables

	Group		Company	
	2013 $'000	**2012 $'000**	**2013 $'000**	**2012 $'000**
Current				
Trade receivables:				
Trade receivables	4,308	5,625	-	-
Less:				
Allowance for doubtful trade receivables	(1,978)	(1,930)	-	-
	2,330	3,695	-	-
Other receivables:				
Third parties[(a)]	4,003	5,174	-	-
Receivable from sale of interest in subsidiary[(b)]	25,086	13,386	-	-
Receivables from sale of investment properties[(c)]	64,641	-	-	-
Government grant receivables (Note 3.2 (vii))	33,789	91,952	-	-
Deposits	4,334	5,257	-	-
Prepayments	11,691	7,405	290	1,792
Receivable from previous owners of a subsidiary[(d)]	2	4,671	-	-
Receivables from joint venture partners	3,706	868	-	-
Subsidiaries[(e)]	-	-	285,173	271,526
Joint ventures[(e)]	351	461	162	150
Associates[(e)]	181	133	-	2
Tax recoverable	1,085	1,050	887	887
Others	542	487	94	34
	149,411	130,844	286,606	274,391
	151,741	134,539	286,606	274,391
Non-current other receivables:				
Receivable from sale of interest in subsidiary[(b)]	-	21,888	-	-
	151,741	156,427	286,606	274,391

11. Trade and other receivables (Continued)

Trade receivables are non-interest bearing and are generally on 30 days credit term (2012: 30 days).

Analysis of trade receivables at the end of the financial year was as follows:

	Group	
	2013 $'000	**2012 $'000**
Not past due and not impaired	1,339	2,344
Past due but not impaired	991	1,351
Impaired, individually assessed	1,978	1,930
Less: allowance for doubtful trade receivables	(1,978)	(1,930)
Total trade receivables, net	2,330	3,695

The maximum exposure to credit risk in the event that the customers fail to perform their obligations as at end of financial year in relation to each class of recognised financial assets is the carrying amounts of those assets stated in the statements of financial position. There are no collaterals held as securities or other credit enhancements. The concentration of credit risk is limited due to the large, diversed and unrelated customer base.

Trade receivables that are neither past due nor impaired are substantially students with good collection track record with the Group.

Included in the Group's trade receivables are receivables with a carrying amount of approximately $1.0 million (2012: $1.4 million) which are past due at reporting date. The Group has assessed that the credit qualities of these unsecured amounts have not changed and the amounts are still considered recoverable. Accordingly, the Group believes that there is no further impairment required in excess of the allowance for doubtful trade receivables.

The age analysis of trade receivables past due but not impaired was as follows:

	Group	
	2013 $'000	**2012 $'000**
0 - 30 days	74	114
31 - 60 days	458	178
Over 61 days	459	1,059
	991	1,351

11. Trade and other receivables (Continued)

The carrying amount of trade receivable individually determined to be impaired and the movements in the allowance for impairment of receivables were as follows:

	Group	
	2013	**2012**
	$'000	**$'000**
Balance at beginning of financial year	1,930	1,534
Allowance made for the financial year (Note 24)	378	617
Allowance utilised	(354)	(4)
Allowance reversed (Note 24)	(1)	(311)
Foreign currency realignment	25	94
Balance at end of financial year	1,978	1,930

Further notes on trade and other receivables:

(a) Included in the third parties other receivable was an amount $3.4 million (2012: $3.4 million) due from a director of a subsidiary.

In financial year 2010, one of the subsidiaries of the Group ("Subsidiary"), entered into a sales and purchase agreement to acquire a PRC incorporated institute ("Institute"). This transaction was backed by a separate agreement ("transfer agreement") between this Subsidiary and one of this director to confirm that the acquisition of this Institute was made on behalf of this director and that all risk and rewards associated with this acquisition will be undertaken by the director in entirety, including all purchase consideration paid/payable and liabilities, and that this Subsidiary agreed to waive and transfer all benefits and responsibilities associated with the assets and liabilities acquired in the Institute to the director. Accordingly, this Institute is not considered as a subsidiary of the Group and thus is not included in the consolidated financial statements.

In financial year 2011, a lawsuit was filed by a PRC company against 3 defendants, of which the main defendant is the above-mentioned Institute, for breach of contract and claiming for settlement of outstanding service payment plus all litigation costs to be incurred. The other 2 defendants being brought into the suit are the former owner of the Institute and the Subsidiary, being the present legal owner of the Institute. During the financial year 2012, as a result of an adverse court's ruling, the Institute is liable to pay for cost and damages. Accordingly, the Group fully accrued for these cost and damages (Note 14) and the corresponding expense is recorded in the "other operating expenses".

The Group is of the view that despite the above-mentioned legal suit being brought against the Subsidiary, based on the transfer agreement signed with the director, the Subsidiary is entitled to seek indemnification and claim all losses, from the director.

Accordingly, a corresponding income was included in other operating income (Note 21) in financial year 2012.

11. Trade and other receivables (Continued)

Further notes on trade and other receivables: (Continued)

(b) In July 2011, the Group completed the disposal of 50% equity interest in Value Vantage Pte Ltd for a consideration of $46 million to an unrelated third party. The consideration is interest-free and receivable over 2 years. $10 million is receivable one year after the completion date and the remaining $36 million is receivable in two-year time after the completion date.

At inception, the non-current principal sum receivable of the $36 million is recognised at fair value and is subsequently measured at amortised cost using the effective interest method (at 2.6% per annum), with the imputed interest income recognised in the consolidated statement of profit or loss over the expected repayment period.

During the financial year ended 30 June 2013, the Group received $11 million and total receivable from sale of interest in subsidiary is $25 million as at 30 June 2013 (2012: $36 million).

(c) Receivables from sale of investment properties relate to the outstanding balance of $31.9 million due from the disposal of 670mu land and properties in OUC and $32.7 million due from disposal of 118mu land and properties in OUC.

(d) Receivable from previous owners of a subsidiary mainly relates to the payments made on behalf of the previous owners and are recoverable from them based on the contractual terms of the agreements associated with the acquisition of certain subsidiaries. The amounts are unsecured, non-interest bearing and do not have fixed terms of repayment.

(e) The amounts due from subsidiaries, joint ventures and associates are non-trade in nature, unsecured, interest-free and repayable on demand and the amounts with subsidiaries had been intended to be settled on net basis.

12. Cash and cash equivalents

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Fixed deposits with banks	37,080	15,430	8,000	-
Cash and bank balances	33,815	26,713	277	111
	70,895	42,143	8,277	111

Fixed deposits at the reporting date have an average maturity of 1 month (2012: 1 month) from the end of the financial year with the following effective interest rates per annum:

	Group	
	2013	**2012**
Singapore Dollar	0.11% - 0.18%	-
Chinese Renminbi	2.85% - 3.12%	1.56% - 3.50%

12. Cash and cash equivalents (Continued)

	Group 2013	Group 2012
Australian Dollar	3.49%	4.51%
New Zealand Dollar	-	3.25%
Sri Lanka Rupee	-	8.56%
Indian Rupee	5.35% - 8%	4%
Company		
Singapore Dollar	0.11% - 0.18%	-

Disposal of interest in subsidiaries

During the financial year 2013, the Group disposed of 55% of the equity interest in Raffles-Ningbo International College at a consideration of $776,000.

During the financial year 2012, the Group disposed of 50% of the equity interest in Value Vantage and the entire equity interest in Raffles-Wuhan Design Institute.

The effects of the disposals on the cash flows of the Group were as follows:

	Group 2013 $'000	Group 2012 $'000
Disposal of subsidiaries		
Cash and cash equivalents	-	2,882
Trade and other receivables	1,581	340
Assets classified as held for sale (Note 13)	-	27,391
Property, plant and equipment	59	50
Total assets	1,640	30,663
Trade and other payables	596	1,457
Income tax payables	-	93
Accumulated profits and other reserves	(17)	(1,254)
Non-controlling interest	304	596
Total liabilities and reserves	883	892
Net assets disposed	757	29,771

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12. Cash and cash equivalents (Continued)

The aggregate cash flows arising from disposal of subsidiaries:

	Group 2013 $'000	Group 2012 $'000
Disposal of subsidiaries		
Net assets disposed (as above)	757	29,771
Recognition of payable to joint venture	-	3,104
	757	32,875
Gain on disposals (Note 21)	19	15,964
Receivable from acquirers	-	(47,586)
Cash disposed	-	(2,882)
Net cash inflow/(outflow) on disposals	776	(1,629)

13. Assets classified as held for sale

On 23 June 2011, the Group entered into a Sales and Purchase Agreement to dispose 50% equity interest in one of its wholly-owned subsidiary - Value Vantage Pte. Ltd. ("Value Vantage"). The disposal of Value Vantage was completed on 28 July 2011.

As at 30 June 2012, the Group was in the process of disposing the remaining 50% of Value Vantage to an unrelated third party. As such, certain assets of Value Vantage have been classified as "Assets held for sale" as at 30 June 2012. The disposal has not completed during the financial year 2013 as the sale is still subject to approval of local authorities.

On 20 April 2012, the Group entered into an Equity Transfer Agreement in connection with the proposed disposal of certain 670mu land and the properties in PRC thereon through the equity transfer to an unrelated third party. The land and properties thereon have been presented as "Assets held for sale" as at 30 June 2012. The disposal is completed during the current financial year.

The major classes of assets classified as held for sale as at 30 June are as follows:

	Group 2013 $'000	Group 2012 $'000
Assets:		
Investment properties (Note 5)	-	214,775
Property, plant and equipment (Note 4)	26,857	26,828
Goodwill (Note 10)	14,244	14,244
Assets of disposal group classified as held for sale representing the net assets directly associated with assets classified as held for sale	41,101	255,847

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14. Trade and other payables

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Current:				
Trade payables	8,223	5,048	-	-
Subsidiaries	-	-	32,044	36,601
Associates	88	97	-	-
Joint ventures	4,724	4,063	93	11
Course fees received in advance	15,657	14,793	-	-
Management fees received in advance	1,033	612	-	-
Accruals[a]	63,619	51,477	30,036	27,927
Accruals for indirect taxes and property-related expenses[b]	9,321	47,377	-	-
Purchase consideration payable	-	130,864	-	-
Amount due to director	-	3,395	-	3,395
Deposit from disposal of investment properties	-	24,563	-	-
Amounts due to former related parties	98	96	-	-
Other payables[c]	17,632	22,528	-	-
	120,395	304,913	62,173	67,934
Non-current:				
Other payables[d]	46,363	24,613	-	-
	166,758	329,526	62,173	67,934

Current trade payables are non-interest bearing and are normally settled on 30 to 60 days' term (2012: 30 to 60 days' term).

The amounts due to subsidiaries, associates, joint ventures, director and former related parties are unsecured, interest-free and repayable on demand. The amounts with subsidiaries had been intended to be settled on net basis.

Further notes on trade and other payables:

(a) Included in accruals is an amount of $26.2 million (2012: $26.2 million) which relates to contractual commitments to increase in investment in a subsidiary.

(b) Included in accruals for indirect taxes and property-related expenses is an amount of $2.0 million (2012: $40.5 million) which relates to revenue tax, stamp duty and deed tax resulting from the land restructuring in OUC.

(c) Included in other payables is an amount of $Nil (2012: $10.2 million) which is a refundable deposit received in connection with the disposal of 50% of equity interest of Value Vantage (Note 13) and $10.2 million (2012: $7.3 million) relating to the current portion of the amount due to third party vendor arising from land purchase (see Note 14(d) "Non-current other payables" disclosed below) and an amount of $3.4 million (2012: $3.4 million) owing arising from a lawsuit claim against a Subsidiary (Note 11).

14. Trade and other payables (Continued)

Further notes on trade and other payables: (Continued)

(d) This mainly relates to amount due to third party vendor for the purchase of land in EduCity, Iskandar Johor, Malaysia.

In financial year 2011, one of the subsidiaries-Raffles Iskandar Sdn Bhd ("RISB") entered into Sales and Purchase Agreement ("SPA") with Education@Iskandar Sdn Bhd ("EISB") for the purchase of land in EduCity, Iskandar Johor, Malaysia to construct, build and develop the Raffles University Iskandar.

Pursuant to the terms of the SPA, RISB purchased the land from EISB for $37,050,000 (RM90,605,000). On 31 May 2011, RISB paid 10% of the purchase price $3,705,000 (RM9,060,000) to EISB. The outstanding amount is repayable equally over 48 month's period from November 2012 and is non-interest bearing. The repayment commencement date has been extended to November 2013.

At inception, the difference between fair value and the principal sum of the payable, $33,343,000 (RM81,545,000) is recognised as reduction in the cost of the freehold land acquired. The amount payable is subsequently measured at amortised cost using the effective interest method, with an imputed interest expense recognised in the consolidated statement of profit or loss over the expected repayment periods.

In financial year 2013, another subsidiary, Raffles K12 Sdn. Bhd. ("RAS") entered into SPA with EISB for the purchase of land in EduCity, Iskandar Johor, Malaysia to construct and develop the Raffles American School catering to students from kindergarten to year 12.

Pursuant to the terms of the SPA, RAS purchased the land from EISB for $29,661,000 (RM74,487,600) and at the date of signing of the SPA, RAS has paid 10% of the purchase of $2,966,100 (RM7,448,760) to EISB. The outstanding amount is repayable over a period of 5 years and is non-interest bearing.

At inception, the difference between fair value and the principal sum of the payable, $26,695,000 (RM67,040,000) is recognised as reduction in the cost of the freehold land acquired. The amount payable is subsequently measured at amortised cost using the effective interest method, with an imputed interest expense recognised in the consolidated statement of profit or loss over the expected repayment periods.

15. Borrowings

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Borrowings:				
- Secured bank borrowings	55,355	51,050	-	-
- Unsecured bank borrowings	42,936	164,360	19,000	140,000
- Unsecured notes	127,962	-	127,962	-
	226,253	215,410	146,962	140,000
Repayable:				
- within 1 financial year	47,736	167,960	19,000	140,000
- from 2 to 5 financial years	178,517	47,450	127,962	-
	226,253	215,410	146,962	140,000
Secured borrowings repayable:				
- within 1 financial year	4,800	3,600	-	-
- from 2 to 5 financial years	50,555	47,450	-	-
	55,355	51,050	-	-
Unsecured borrowings repayable:				
- within 1 financial year	42,936	164,360	19,000	140,000
- from 2 to 5 financial years	127,962	-	127,962	-
	170,898	164,360	146,962	140,000

(a) During financial year 2012, the Company established a $300 million Multicurrency Medium Term Notes Programme ("MTN Programme"). Under this MTN Programme, the Company may subject to compliance with all relevant laws, regulations and directives, from time to time, issue notes in Singapore dollars or any other currency (the "Notes") and may bear fixed, floating or variable rates of interest. Hybrid Notes or zero coupon notes may also be issued under the MTN Programme.

During the current financial year, the following Notes were issued:

Date of issue	Amount	Fixed interest rate (per annum)	Maturity date
22 February 2013	$80 million	5.8%	22 February 2016
3 May 2013	$50 million	5.9%	3 May 2018

(b) Security for bank borrowings are as follow:

- bank borrowings of $55.4 million (2012: $51.5 million) are secured by letter of guarantee by the Company; and
- certain property, plant and equipment (Note 4) with carrying amount of $90.9 million and investment properties (Note 5) with carrying amount of $19.2 million (2012: investment properties (Note 5) amounting to $85.0 million).

15. Borrowings (Continued)

(b) Security for bank borrowings are as follow: (Continued)

The current bank borrowings have an average maturity of 1 month (2012: 1 month) from the end of the financial year. The non-current bank borrowings have a maturity of 3.75 years (2012: 3.75 years) from the end of the financial year.

The effective interest rates of the bank borrowings in Chinese Renminbi and Singapore Dollar during the financial year is 5.23% and 1.58% to 2.46% (2012: 5.23% to 8.1% and 1.5% to 3.6%) per annum respectively.

16. Deferred tax assets and liabilities

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the financial year.

Deferred tax assets/(liabilities)

	Group 2013 $'000	Group 2012 (Restated) $'000	Group 2011 (Restated) $'000
Deferred tax assets	857	700	593
Deferred tax liabilities	(21,289)	(3,975)	(33,714)

Group	Trade and other payable $'000	Tax losses $'000	Accelerated tax capital allowance $'000	Others $'000	Total $'000
Balance at 1 July 2012	349	238	35	78	700
Credited to consolidated statement of profit or loss	143	32	32	3	210
Foreign currency realignment	(40)	(5)	(1)	(7)	(53)
Balance at 30 June 2013	452	265	66	74	857
Balance at 1 July 2011	85	275	27	206	593
Foreign currency realignment	(4)	6	(2)	-	-
(Charged)/credited to consolidated statement of profit or loss	268	(43)	10	(128)	107
Balance at 30 June 2012	349	238	35	78	700

16. Deferred tax assets and liabilities (Continued)

Group	Accelerated tax depreciation on property, plant and equipment $'000	Fair value adjustment on investment properties $'000	Others $'000	Total $'000
Balance at 1 July 2012	(108)	(3,864)	(3)	(3,975)
Charged in consolidated statement of profit or loss	(95)	(16,555)	-	(16,650)
Foreign currency realignment	-	(664)	-	(664)
Balance at 30 June 2013	(203)	(21,083)	(3)	(21,289)
Balance as previously stated at 1 July 2011	(72)	(20,963)	277	(20,758)
Effect of adopting Amendments to FRS 12	-	(12,956)	-	(12,956)
Restated balance at 1 July 2011	(72)	(33,919)	277	(33,714)
Credited/(charged) in consolidated statement of profit or loss	(37)	30,726	(280)	30,409
Foreign currency realignment	1	(671)	-	(670)
Balance at 30 June 2012	(108)	(3,864)	(3)	(3,975)

At the end of the financial year, no deferred tax liabilities have been recognised for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries as at 30 June 2013 and 2012, as the management does not expect the subsidiaries to distribute its earnings in the foreseeable future. Unremitted earnings totalled $154.8 million (2012: $126.5 million) at 30 June 2013.

Temporary differences arising in connection with interests in jointly-controlled entities are $1.6 million (2012: $1.6 million).

17. Share capital

	Group and Company			
	2013	2012	2013	2012
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
Balance at beginning of financial year	874,401,361	874,401,361	458,079	458,079
Shares issued pursuant to rights issue	170,893,872	-	23,706	-
Balance at end of financial year	1,045,295,233	874,401,361	481,785	458,079

The Company has one class of ordinary shares which carry no right to fixed income.

All newly issued ordinary shares rank pari-passu with the existing ordinary shares.

Paid up ordinary shares, which have no par value, carry one vote per share and carry a right to dividends.

17. Share capital (Continued)

(a) On 23 October 2012, the Company issued and alloted 170,893,872 new ordinary shares at an issue price of $0.14 for each ordinary share pursuant to the renounceable non-underwritten rights issue on the basis of one rights share for every five ordinary shares in the capital of the Company.

- $4,114,000 has been applied towards the subscription by one of the directors for his rights shares from an advance which he extended to the Company prior to the commencement of the rights issue.
- $11,982,000 has been used for investment in education institutions.
- $7,610,000 has been used for general working capital, including repayment of bank loans.

18. Treasury shares

	Group and Company			
	2013	2012	2013	2012
	Number of ordinary shares		$'000	$'000
Balance at beginning and end of the financial year	19,932,000	19,932,000	21,383	21,383

The total amount paid to repurchase the shares has been deducted from shareholders' equity. The shares are held as "treasury shares". The Company intends to reissue these shares as awards to executives under the Raffles Education Corporation Performance Shares Plan.

19. Accumulated profits/(losses) and other reserves

	Group			Company	
	2013	2012 (Restated)	2011 (Restated)	2013	2012
	$'000	$'000	$'000	$'000	$'000
Comprising:					
Revaluation reserve[1]	1,255	1,255	-	-	-
Foreign currency translation reserve[2]	(9,135)	(12,759)	(30,332)	-	-
Share-based payments reserve[3]	2,453	2,446	2,089	2,453	2,446
Accumulated profits/(losses)	99,443	72,771	142,946	(77,340)	(72,793)
	94,016	63,713	114,703	(74,887)	(70,347)

[1] *Revaluation reserve*

Revaluation reserve represents surplus of fair value over the properties' carrying value which are directly recognised in equity. This reserve is non-distributable.

19. Accumulated profits and other reserves (Continued)

[2] *Foreign currency translation reserve*

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of foreign operations whose functional currencies are different from that of the Group's presentation currency. This reserve is non-distributable.

[3] *Share-based payments reserve*

Share-based payments reserve represent the cumulative value of services received from employees and directors recorded in respect of the grants of equity-settled share options over the vesting period commencing from grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options. This reserve is non-distributable.

20. Revenue

	Group	
	2013	**2012**
	$'000	**$'000**
Continuing operations:		
Course fees	105,683	102,306
Rental income from investment properties	14,194	20,357
Utility income from investment properties	3,818	3,754
Registration fees	995	1,062
Other fees	3,687	3,656
	128,377	131,135
Discontinued operations (Note 26):		
Course fees	-	4,239
Registration fees	-	84
Other fees	-	2,611
	-	6,934
	128,377	138,069

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21. Other operating income

	Group	
	2013	**2012**
	$'000	**$'000**
Continued operations:		
Interest income	1,660	1,736
Gain on disposal of investment properties	14,637	-
Gain on disposal of property, plant and equipment	158	51
Gain on disposal of available-for-sale financial assets (Note 9)	-	8,856
Gain on disposal of interest in subsidiaries (Note 12)	19	15,964
Non-course related fees	597	625
Foreign exchange gain	2,896	4,103
Canteen operations	2	9
Government grant	7,326	-
Government grant on land restructuring	-	90,140
Net reversal on provision for land restructuring cost	37,585	-
Others	2,273	5,097
	67,153	126,581
Discontinued operations (Note 26):		
Interest income	-	128
Gain on disposal of property, plant and equipment	10	65
Foreign exchange gain	409	29
Canteen operations	-	2
Others	144	58
	563	282
	67,716	126,863

Interest income includes accretion of finance income on receivable of $912,000 (2012: $889,000).

Government grants on land restructuring of $90.1 million for the financial year 2012 relates mainly to grant receivables by the subsidiaries of Oriental University City Limited ("OUC") from government authorities as funds to offset cost arising from the restructuring of land according to the town planning requirement of the local government in OUC. During the current financial year 2013, net reversal of provision for land restructuring cost in OUC amounting to $37.6 million, which is no longer required after having obtained confirmation from relevant government authorities.

Included in "Others" is an amount of $3.4 million (2012: $3.4 million) receivable from a director of Subsidiary in relation to the indemnity provided in relation to a claim against the subsidiary (Note 11).

22. Personnel expenses

	Group 2013 $'000	Group 2012 $'000
Continuing operations:		
Salaries, bonuses and allowances	50,521	47,323
Contributions to defined contribution plans	4,966	4,905
Other social expenses	1,730	2,173
Share-based payments to Directors and employees	7	357
	57,224	54,758
Discontinued operations:		
Salaries, bonuses and allowances	59	2,486
Contributions to defined contribution plans	4	140
Other social expenses	3	254
	66	2,880
	57,290	57,638

Personnel expenses include Directors' remuneration as shown in Note 32 to the financial statements.

23. Finance costs

	Group 2013 $'000	Group 2012 $'000
Continuing operations:		
Interest expenses:		
- Bank borrowings	5,797	5,648
- Notes	2,272	-
- Unwinding of effect of discounting	435	10,360
	8,504	16,008

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24. Profit/(loss) before income tax

In addition to the charges and credits disclosed elsewhere in the financial statements, the above includes the following charges/(credits):

	Group					
	Continuing operations		Discontinued operations		Total	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Allowance for doubtful trade receivables	378	617	-	-	378	617
Reversal of allowance for doubtful trade receivables	(1)	(311)	-	-	(1)	(311)
Bad trade receivables written off	605	229	-	124	605	353
Bad non-trade receivable written off	4,554	-	-	-	4,554	-
Audit fees paid to auditors:						
Auditor of the Company	428	445	-	-	428	445
Other auditors	514	469	7	12	521	481
Non-audit fee paid to:						
Auditor of the Company	17	-	-	-	17	-
Other auditors	33	75	-	-	33	75
Foreign exchange loss/(gain) - net	54	(2,412)	(30)	15	24	(2,397)
(Gain)/loss on disposal of property, plant and equipment - net	(38)	(12)	27	186	(11)	174
Depreciation and amortisation expenses	15,030	19,521	4	206	15,034	19,727
Royalty, registration and administration fees	6,669	7,925	-	-	6,669	7,925

24. Profit/(loss) before income tax (Continued)

In addition to the charges and credits disclosed elsewhere in the financial statements, the above includes the following charges/(credits): (Continued)

	Group					
	Continuing operations		Discontinued operations		Total	
	2013	2012	2013	2012	2013	2012
	$'000	$'000	$'000	$'000	$'000	$'000
Operating lease expenses						
- rental of premises	11,504	11,842	21	1,321	11,525	13,163
- rental of equipment	178	177	2	14	180	191
Marketing and advertisement expenses	6,033	6,145	4	473	6,037	6,618
Plant and equipment written off	208	28	3	18	211	46
Provision for land restructuring cost	-	39,740	-	-	-	39,740
Net reversal of government grant receivable for land restructuring	57,116	-	-	-	57,116	-
Compensation for early termination of tenancy agreement	-	6,917	-	-	-	6,917
Cost and damages from a lawsuit claim	-	3,309	-	-	-	3,309
Share-based payments	7	357	-	-	7	357
Utilities	7,451	8,249	4	101	7,455	8,350

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25. Income tax (credit)/expense

	Group	
	2013	2012 (Restated)
	$'000	$'000
Continuing operations:		
Income tax		
- Current financial year	28,100	71,536
- (Over)/underprovision in prior financial years	(51,086)	7,502
	(22,986)	79,038
Deferred tax		
- Current financial year	16,437	(33,392)
- Underprovision in prior financial years	3	2,906
	16,440	(30,486)
	(6,546)	48,552
Discontinued operations (Note 26):		
Income tax - current financial year	134	-
Deferred tax - current financial year	-	(30)
	(6,412)	48,522

Reconciliation of effective tax rate

Domestic income tax in Singapore is calculated at 17% of the estimated assessable profit for the financial year. The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2012: 17%) to profit/(loss) before income tax as a result of the following differences:

	Group	
	2013	2012 (Restated)
	$'000	$'000
Continuing operations:		
Profit/(loss) before income tax	27,952	(10,355)
Income tax calculated at statutory rate of 17% (2012: 17%)	4,752	(1,760)
Tax effect of income not subject to taxation	(1,085)	(4,803)
Tax exemption	(4,449)	(1,845)
Tax effect of non-allowable expenses	5,053	11,568
Deferred tax assets not recognised for current financial year	1,467	1,991
Effect of different tax rates of overseas operations	38,799	10,598
(Over)/underprovision in prior financial years	(51,083)	10,408
Land appreciation tax on OUC land restructuring	-	22,395
Total income tax (credit)/expense	(6,546)	48,552

25. Income tax (credit)/expense (Continued)

Subject to the agreement by relevant tax authorities, at the reporting date, the Group has unutilised tax losses of $14.6 million (2012: $16.2 million) available for offset against future profits. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits.

26. Discontinued operations

During the financial year 2012, the Group suspended its Vietnam's operations in Hanoi and Ho Chi Minh City ("Raffles Vietnam") as the Ministry of Education and Training in Vietnam instructed Raffles Vietnam to temporarily stop advertising, admission and training activities leading to the award of diplomas and degrees from overseas.

Statement of profit or loss disclosure

The results of discontinued operations for the financial year ended 30 June are as follows:

	Group	
	2013	**2012**
	$'000	**$'000**
Result of discontinued operations:		
Revenue (Note 20)	-	6,934
Other operating income (Note 21)	563	282
Expenses	(679)	(12,857)
Impairment of goodwill (Note 10)	-	(7,344)
Loss before income tax from discontinued operations	(116)	(12,985)
Income tax (expense)/credit (Note 25)	(134)	30
Net loss from discontinued operations	(250)	(12,955)

Statement of cash flow disclosure

The cash flows attributable to discontinued operations are as follows:

	Group	
	2013	**2012**
	$'000	**$'000**
Net cash used in operating activities	(412)	(3,668)
Net cash generated from/(used in) investing activities	10	(78)
Net cash from financing	-	-
Net cash outflows	(402)	(3,746)

Notes to the Financial Statements
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27. Earnings/(loss) per share

The calculation of the basic and diluted earnings/(loss) per share ("EPS") attributable to the ordinary shareholders of the Company is based on the following data:

Earnings

	Group	
	2013	**2012 (Restated)**
	$'000	**$'000**
Profit/(loss) attributable to equity holders of the Company	26,672	(66,261)

Number of shares

	Group			
	2013		**2012**	
	Basic	**Diluted**	**Basic* (Restated)**	**Diluted* (Restated)**
Weighted average number of ordinary shares ('000)	1,004,414	1,004,414	958,287	958,287
Effects for potentially dilutive ordinary shares - share option ('000)	-	-	-	2
Weighted average number of ordinary shares used ('000)	1,004,414	1,004,414	958,287	958,289

3,543,000 (2012: 4,198,000) share options granted under the existing share option plan have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

*Adjusted for the rights issue (Note 17(a)). The rights share were offered at $0.14 per share and represented a discount to the fair value of existing shares. An adjustment factor of 1.1215 was applied.

From continuing operations:

The calculation of the basic and diluted earnings per share of the Company and continuing operations attributable to the ordinary equity holders of the Company is based on the following data:

	2013	**2012 (Restated)**
	$'000	**$'000**
Earnings/(loss) figures are calculated as follows:		
Profit/(loss) for the year attributable to equity holders of the Company	26,672	(66,261)
Add: loss for the year from discontinued operations (Note 26)	250	12,955
Earnings/(loss) for the purposes of basic and diluted earnings per share from continuing operations	26,922	(53,306)

27. Earnings/(loss) per share (Continued)

From discontinued operation:

The basic and diluted loss per share from discontinued operations are calculated by dividing the profit/(loss) from discontinued operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings/(loss) per share computation and weighted average number of ordinary shares for diluted earnings/(loss) per share computation respectively.

28. Dividends

	Group and Company	
	2013	**2012**
	$'000	**$'000**
Final tax exempt dividend paid for the financial year ended 2011 of 0.45 cents per ordinary shares	-	3,845

29. Share-based payments

Raffles Education Corporation Scheme ("REC Scheme") and Raffles Education Corporation Employees' Share Options Scheme ("REC ESOS Scheme")

Statutory and other information regarding the REC Scheme and REC ESOS Scheme is set out below:

(i) The Remuneration Committee may at its discretion, fix the subscription price at a discount up to 20% off market price, or a price equal to the average of the last dealt market prices for the 5 consecutive market days on which the shares of the Company were traded on the SGX-ST immediately preceding the grant of the options.

(ii) Consideration for the grant of an option is $1.00.

(iii) Options can be exercised 1 year after grant for market price options and 2 years for discounted options.

(iv) Options granted expire after 5 years for participants not holding a salaried office or employment in the Group, and 10 years for employees of the Group.

Notes to the Financial Statements
For the financial year ended 30 June 2013

29. Share-based payments (Continued)

Raffles Education Corporation Scheme ("REC Scheme") and Raffles Education Corporation Employees' Share Options Scheme ("REC ESOS Scheme") (Continued)

Statutory and other information regarding the REC Scheme and REC ESOS Scheme is set out below: (Continued)

(v) Options granted will lapse when participant ceases to be a full-time employee with the Group, subject to certain exceptions at the discretion of the Company.

(vi) The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under the REC Scheme, shall not exceed 15% of the issued share capital of the Company on the day preceding that date of grant.

Information in respect of the share options granted under the REC Scheme and REC ESOS Scheme was as follows:

	2013		2012	
	Number of share options ('000)	**Weighted average exercise price $**	**Number of share options ('000)**	**Weighted average exercise price $**
Outstanding at beginning of financial year	4,198	1.238	4,941	2.100
Granted	-	-	300	0.462
Expired/cancelled	(655)	(1.518)	(1,043)	(1.418)
Outstanding at end of financial year	3,543	1.187	4,198	1.238
Exercisable as at end of financial year	3,543	-	3,898	-

No share options were granted during the financial year.

During the financial year 2012, 300,000 share options were granted. The estimated fair values of the share options granted are $39,000 for the vesting period from September 2011 to September 2012.

29. Share-based payments (Continued)

Raffles Education Corporation Scheme ("REC Scheme") and Raffles Education Corporation Employees' Share Options Scheme ("REC ESOS Scheme") (Continued)

The fair value of share options as at the date of grant is estimated by an external independent valuer using the Binomial option-pricing model, taking into account the terms and conditions upon which the options were granted. The significant inputs into the model were share prices at date of grant, exercise price, yield, expected volatility, risk-free interest rate and option life expected. Volatility, measured as the standard deviation of expected share price returns, was based on the average 10-day volatility over one year observation period in accordance with convention laid down by Bank for International Settlements. The inputs to the model used are shown below.

Date of grant	Expected dividend yield (%)	Expected volatility (%)	Risk-free interest rate (%)	Expected life of options (years)	Exercise price* $	Share price at date of grant* $
21.9.2004	4.5	30	3.24	10	0.4200	0.4200
12.10.2005	5.6	21	2.90	10	0.6675	0.6675
14.3.2006	2.5	29	3.50	10	1.4850	1.4850
23.11.2006	2.3	34	3.08	10	2.4450	2.4450
7.1.2008	2.1	30	2.08	5	4.4850	4.4850
31.1.2008	2.1	30	2.41	10	3.7050	3.7050
8.1.2009	5.3	30	1.47	5	1.7700	1.7850
2.2.2009	5.3	30	2.07	10	1.5900	1.5450
10.11.2009	0.0	30	1.37	5	1.3500	1.3050
9.2.2010	0.0	30	2.55	10	1.1100	1.0350
24.3.2011	2.5	39	0.43	3	0.7800	0.8100
24.3.2011	2.5	38	1.32	5.5	0.7800	0.8100
2.9.2011	1.8	40	0.30	3	0.4600	0.4900

* Subscription prices are adjusted for the share splits in the financial years 2005, 2007, 2008 and share consolidation in financial year 2011.

30. Contingent liabilities

Group

(a) The Company and one of its subsidiaries are involved in arbitration proceedings relating to commercial transactions. Although the ultimate disposition of asserted claims and proceedings cannot be predicted with certainty and the amounts involved cannot be reasonably estimated, it is the opinion of the management that the outcome of any such claims, either individually or on a combined basis, will not have a material adverse effect on the consolidated statement of financial position.

30. Contingent liabilities (Continued)

Group (Continued)

(b) In financial year 2012, Raffles LaSalle Education Consultancy (Shanghai) Pte. Ltd., a subsidiary of the Company, Value Vantage Investment and Management (Hangzhou) Co. Ltd, a joint venture of the Company and an unrelated third party (collectively "Plaintiff") were sued by ex-shareholders of Shanghai Zhongfa Education Investment Co., Ltd ("Defendant") to withhold the decision made by the arbitration court in favour of the Plaintiff. The Court has found Defendant guilty in last financial year and the Court has ordered Defendant to pay a compensation of approximately RMB 7.5 million ($1.5 million) to Plaintiff. Defendant have appealed to the Court on this matter and the Court has since also ordered the Plaintiff to pay a "compensation" of approximately RMB 698,000. As at the date of this report, the case is still ongoing.

(c) The People's Republic of China's ("PRC") tax system can be characterised by numerous taxes and frequently changing legislation. Tax regulations are often unclear, open to wide interpretation, and in some instances, conflicting. Instances of inconsistent opinion between local, regional and national tax authorities are not unusual. Tax declarations are subject to review and investigation by a number of authorities that are enacted by law to impose significant penalties and interest charges. These factors create substantially more significant tax risks in PRC than that typically found in countries with more developed tax systems. Management believes that it has complied with all existing tax legislation.

As at 30 June 2013 and 2012, no provision for potential tax assessments for some of the Group's PRC subsidiaries has been made in the consolidated financial statements as management is of the opinion that according to the tax practices in PRC, such education related income is exempted from tax in PRC.

Company

(d) As at 30 June 2013, the Company had given guarantees amounting to $55.4 million (2012: $51.5 million) to certain banks in respect of banking facilities granted to the subsidiary (Note 15).

(e) As at 30 June 2013, the Company has given guarantee amounting to $26.7 million (2012: $Nil) to EISB in respect of the outstanding payable to the purchase of land (Note 14(c)).

(f) As at the reporting date, the Company has undertaken to provide continued financial support to certain subsidiaries which are showing shareholder's deficit of $58.5 million (2012: $29.2 million).

In the opinion of the Directors, no significant actual losses are expected to arise from these contingent liabilities.

31. Commitments

(a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2013	**2012**
	$'000	**$'000**
Capital commitments in respect of property, plant and equipment	58,356	31,350
Share of joint venture's capital commitment in relation to its joint education venture in India with Educomp Solution Limited*	63,600	64,586
Share of joint venture's capital commitment in relation to its joint cooperative education project	-	609
	121,956	96,545

* As at the financial year end, the cost of investment in the joint education venture amounted to $51.0 million (2012: $44.5 million).

(b) Operating lease commitments (when the Group is a lessee)

At the reporting date, the commitments in respect of non-cancellable operating leases for rental of premises, equipment and management fees were as follows:

	Group	
	2013	**2012**
	$'000	**$'000**
Future minimum lease payments payable:		
Within one financial year	7,222	8,815
After one year but within five financial years	8,215	12,910
After five financial years	20,425	53,785
	35,862	75,510

These leases have no escalation clauses, restriction and do not provide contingent rents. Renewals are at the option of the specific entity that holds the lease.

(c) Operating lease commitments (when the Group is a lessor)

The future minimum lease receivables under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	Group	
	2013	**2012**
	$'000	**$'000**
Future minimum lease payments receivables:		
Within one financial year	786	14,793
After one year but within five financial years	1,641	4,415
After five financial years	3	357
	2,430	19,565

Notes to the Financial Statements
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31. Commitments (Continued)

The Group leased out commercial space to non-related parties under non-cancellable operating leases. The leases are renewable on annual basis.

32. Significant related party transactions

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;
(ii) Has significant influence over the Company; or
(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
(vi) The entity is controlled or jointly controlled by a person identified in (a);
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Associates are related parties and include those that are associates of the holding and/or related companies.

Many of the Group's and Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the financial year, in addition to those disclosed elsewhere in these financial statements, the Group entities and the Company entered into the following transactions with related parties:

32. Significant related party transactions (Continued)

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
With associates				
Settlement of liabilities on behalf by related companies	2	4	2	4
Management service fee income	-	70	-	-
Dividend income	210	341	210	341
With subsidiaries				
Settlement of liabilities on behalf by subsidiaries	-	-	(646)	(11,755)
Dividend income	-	-	10,010	33,097
Management service fee income	-	-	1,775	9,424
Registration fee income	-	-	47	2,462
Recharge of rental and utilities	-	-	747	996
(Waiver)/writeback of intercompany debt	-	-	(8)	1
Consultancy fees income	-	-	3,979	101
With a Director of the Company				
Advance from director	719	3,395	719	3,395

Key management personnel remuneration

	Group 2013 $'000	Group 2012 $'000
Directors' fees	261	241
Salaries and other short-term employee benefits	3,253	1,715
Share-based payments	7	99
	3,521	2,055

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The above amounts for key management personnel compensation are for the Directors of the Company (including directors' fees of Non-Executive Directors).

33. Report by segments

From financial year 2013, with the inclusion of a new unit - Raffles K12, the Group has five reportable segments as described below, which are the Group's strategic business units. The change is part of the Group's evolving business strategy and plan. The strategic business units offer different products and services, and are managed separately because they require different skill sets and marketing strategies.

33. Report by segments (Continued)

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:

- Private Education System ("PES")

  The Group offers students a range of degree, diploma and full-time certification programmes in design and business-oriented disciplines at post-secondary level. Students pay fees on a quarterly basis to attend courses at the Group's campuses, where they are taught in English by an overseas faculty. The Group confers graduating students under PES with its own accredited proprietary qualifications.

- National Education System ("NES")

  The Group runs programmes within the Chinese national public school system. Colleges under this scheme collect fees once a year in advance directly from students under the Chinese government's national fees guidelines. Students are taught by a local faculty and the language of instruction is Chinese. The qualifications awarded by these colleges are recognised by the Chinese government.

- Oriental University City Campus Management ("OUC Campus Management")

  Located in the Langfang Economic and Development Zone in Langfang City, Hebei province, China, between the cities of Beijing and Tianjin, Oriental University City ("OUC") currently owns and leases out certain investment properties to colleges. Besides earning rental income in the capacity of a landlord, OUC also operates its own college.

- Raffles K12

  The Group participates in pre-tertiary education, offering an American K12 curriculum, with Advanced Placement offerings in the high school, which will provide a schooling alternative to the local and expatriate communities in the region.

- Corporate and Others

  Includes corporate headquarter, and consolidation adjustments which are not directly attributable to a particular reportable segment above.

The accounting policies of the reportable segments are the same as described in the summary of significant accounting policies in Note 2.

Information regarding the results of each reportable segment is included below.

Operating results of the reportable segments are independently evaluated for performance measurement and resource allocation decisions. Segment performance is evaluated based on operation profit or loss which is similar to the accounting profit or loss as included in the internal management reports reviewed by the Group's Chief Executive Officer.

33. Report by segments (Continued)

The Group accounts for inter-segment sales and transfers as if the sales or transfers were to third parties, which approximate market prices. These inter-segment transactions are eliminated on consolidation.

Segment revenue and expenses are the operating revenue and expenses reported in the Group's consolidated statement of profit or loss that are directly attributable to a reportable segment and the relevant portion of such revenue and expenses that can be allocated on a reasonable basis to the reportable segment.

Segment assets and liabilities: Segment assets include all operating assets used by a reportable segment and consist principally of operating receivables, inventories and property, plant and equipment, assets held for sale, investment properties, net of allowances and provisions. Segment liabilities include all operating liabilities and consist principally of accounts payable and accrued expenses.

Capital expenditure includes the total cost incurred to acquire property, plant and equipment, investment properties, and intangible assets directly attributable to the segment.

	Private Education System $'000	National Education System $'000	OUC Campus Management $'000	Raffles K12 $'000	Corporate & Others $'000	Total $'000
2013						
Continuing operations:						
Revenue from external customers	78,265	26,124	23,469	330	189	128,377
Inter-segment revenue	4,483	-	-	-	57,852	62,335
Interest income	392	336	20	-	912	1,660
Fair value gain on investment properties	1,754	-	38,558	-	1,364	41,676
Finance costs	(7)	-	(2,156)	(437)	(5,904)	(8,504)
Depreciation and amortisation	(4,777)	(2,546)	(5,049)	(187)	(2,471)	(15,030)
Impairment of goodwill	(129)	-	(6)	-	(105)	(240)
Reportable segment profit/(loss) before income tax	14,348	8,551	25,608	(2,036)	(18,519)	27,952
Share of results from associates	(22)	-	-	-	274	252
Net profit/(loss) for the financial year	13,412	8,535	34,193	(2,036)	(19,606)	34,498
Discontinued operations:						
Net loss for the financial year	(250)	-	-	-	-	(250)

33. Report by segments (Continued)

	Private Education System $'000	National Education System $'000	OUC Campus Management $'000	Raffles K12 $'000	Corporate & Others $'000	Total $'000
2013						
Other information:						
Additions to property, plant and equipment	3,840	13,944	1,014	29,537	6,031	54,366
Additions to investment properties	-	-	3,752	-	17,662	21,414
Additions to intangible assets	276	-	-	20	1	297
Investment in associates	981	-	-	-	323	1,304
Assets classified as held for sale	91	41,010	-	-	-	41,101
Segment assets	69,648	135,865	491,257	30,407	138,813	865,990
Segment liabilities	(65,692)	(9,141)	(59,425)	(25,359)	(233,394)	(393,011)
2012 (Restated)						
Continuing operations:						
Revenue from external customers	77,967	26,812	24,948	-	1,408	131,135
Inter-segment revenue	3,712	73	-	-	55,299	59,084
Interest income	323	501	20	-	892	1,736
Fair value (loss)/gain on investment properties	-	-	(16,976)	-	10,649	(6,327)
Finance costs	(7)	-	(10,915)	-	(5,086)	(16,008)
Depreciation and amortisation	(5,579)	(3,640)	(7,676)	(6)	(2,620)	(19,521)
Impairment of goodwill	(49,652)	-	(1,977)	-	(5)	(51,634)
Reportable segment profit/(loss) before income tax	(37,550)	8,516	8,166	(338)	10,851	(10,355)
Share of results from associates	(22)	-	-	-	383	361
Net profit/(loss) for the financial year	(41,462)	8,460	(28,551)	(338)	2,984	(58,907)
Discontinued operations:						
Net loss for the financial year	(12,955)	-	-	-	-	(12,955)

33. Report by segments (Continued)

	Private Education System $'000	National Education System $'000	OUC Campus Management $'000	Raffles K12 $'000	Corporate & Others $'000	Total $'000
2012 (Restated)						
Other information:						
Additions to property, plant and equipment	14,540	26,546	906	1,413	2,216	45,621
Additions to investment properties	-	-	-	-	9,474	9,474
Additions to intangible assets	300	-	-	-	2,637	2,937
Investment in associates	1,002	-	-	-	260	1,262
Assets classified as held for sale	88	40,984	214,775	-	-	255,847
Segment assets	32,962	124,018	675,367	2,289	159,575	994,211
Segment liabilities	(44,596)	(4,731)	(243,702)	(338)	(251,570)	(544,937)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities:

	2013 $'000	2012 $'000
Revenue		
Total revenues for reportable segments	190,712	190,219
Elimination of inter-segment revenues	(62,335)	(59,084)
Consolidated revenue	128,377	131,135
Assets		
Total assets for reportable segments	865,990	994,211
Investments in associates	1,304	1,262
Unallocated assets	200,789	174,452
Consolidated total assets	1,068,083	1,169,925
Liabilities		
Total liabilities for reportable segments	(393,011)	(544,937)
Unallocated liabilities	(71,775)	(87,539)
Consolidated total liabilities	(464,786)	(632,476)

Geographical segments

The Group operates in four main geographical regions, namely Asean, North Asia, Australasia and South Asia.

Segment revenue is based on the region where the services are rendered and the region where the customers are located. Non-current assets are shown by geographical region in which the assets are located.

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33. Report by segments (Continued)

Non-current assets consist of property, plant and equipment, investment properties, investment in associates, other receivable and intangible assets.

	Asean $'000	North Asia $'000	South Asia $'000	Australasia $'000	Total $'000
2013					
Continuing operations:					
Revenue from external customers	31,817	72,636	7,930	15,994	128,377
Non-current assets	182,230	581,285	28,141	11,108	802,764
2012					
Continuing operations:					
Revenue from external customers	29,453	79,736	6,459	15,487	131,135
Non-current assets	156,938	543,766	23,919	11,290	735,913

The discontinued operations are solely from Asean geographical segment.

34. Financial risk management

The Group and the Company are exposed to financial risks arising in the normal course of business. The Group and the Company do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuation, if any.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks.

The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and cost is achieved.

(a) Credit risk

Credit risk is the potential financial loss resulting from students defaulting on their obligations to pay course fees when due, resulting in a loss to the Group.

The Group has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is managed through regular collection and monitoring procedures. The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the statements of financial position.

Cash and fixed deposits are placed with banks and approved financial institutions which are regulated. Management does not expect counterparty to fail to meet its obligations.

34. Financial risk management (Continued)

(b) Interest rate risk

Interest rate risk is the risk that the fair value future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's and the Company's exposures to interest rate risk arise primarily from their borrowings with financial institutions.

The table below shows the sensitivity analysis of interest rate risk showing the effect on profit or loss if interest rates had increased by 100 basis point (2012: 100 basis point), with all other variables held constant.

	2013		2012	
	Increase interest rate (basis point)	Increase/ (Decrease) in profit $'000	Increase interest rate (basis point)	Increase/ (Decrease) in profit $'000
Group				
Borrowings	100	(744)	100	(2,154)
Company				
Borrowings	100	(190)	100	(1,400)

A 100 basis point decrease in interest rates would have an equal but opposite effect.

(c) Foreign currency risk

The Group operates in several countries with dominant operations in Singapore, People's Republic of China, Southeast Asia and Australia. Currency risk arises within entities in the Group when transactions are denominated in foreign currencies. Exposure to foreign currency risk is monitored on an ongoing basis to ensure that the net exposure is at an acceptable level, as the Group manages its transactional exposure by matching, as far as possible, receipts and payments in each individual currency. As the entities in the Group transact substantially in their respective functional currencies, the Group's exposure to currency risk is not significant.

In relation to the Group's overseas investments in foreign operations where net assets are exposed to currency translation risks, they are not hedged as currency positions in these foreign currencies are considered to be long-term in nature. Differences arising from such translation are recorded under the foreign currency translation reserves.

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34. Financial risk management (Continued)

(c) Foreign currency risk (Continued)

The Group's and Company's exposures to foreign currencies such as Chinese Renminbi ("RMB"), United States Dollar ("USD") and Australian Dollar ("AUD") at 30 June 2013 and 30 June 2012 were as follows:

Group	Note	SGD $'000	RMB $'000	USD $'000	AUD $'000	Others $'000	Total in SGD equivalents $'000
2013							
Available-for-sale financial assets	9	-	616	-	-	-	616
Trade and other receivables		25,607	106,840	61	302	6,155	138,965
Cash and cash equivalents	12	11,256	52,366	101	4,320	2,852	70,895
Trade and other payables		(35,809)	(44,011)	(27)	(2,489)	(58,411)	(140,747)
Borrowings	15	(202,317)	(23,936)	-	-	-	(226,253)
		(201,263)	91,875	135	2,133	(49,404)	(156,524)
Less: net (assets)/ liabilities denominated in respective entities' functional currencies		201,175	(93,036)	(140)	(2,133)	47,660	153,526
Currency exposure		(88)	(1,161)	(5)	-	(1,744)	(2,998)
2012							
Available-for-sale financial assets	9	-	609	-	-	-	609
Trade and other receivables		35,868	106,548	78	594	4,884	147,972
Cash and cash equivalents	12	2,278	33,650	133	3,346	2,736	42,143
Trade and other payables		(33,062)	(196,838)	(70)	(1,626)	(35,148)	(266,744)
Borrowings	15	(191,050)	(24,360)	-	-	-	(215,410)
		(185,966)	(80,391)	141	2,314	(27,528)	(291,430)
Less: net (assets)/ liabilities denominated in respective entities' functional currencies		186,654	76,304	(158)	(2,314)	25,861	286,347
Currency exposure		688	(4,087)	(17)	-	(1,667)	(5,083)

34. Financial risk management (Continued)

(c) Foreign currency risk (Continued)

It is estimated that a five percentage point strengthening in foreign currencies against the Singapore Dollar would decrease the Group's profit before income tax by approximately $150,000 (2012: approximately $254,000). A five percentage point weakening in the foreign currencies against the Singapore Dollar would have an equal but opposite effect. The analysis assumes that all other variables, in particular interest rates, remain constant and does not take into account associated tax effects and share of non-controlling interests.

Company	Note	SGD $'000	RMB $'000	USD $'000	AUD $'000	Others $'000	Total in SGD equivalents $'000
2013							
Trade and other receivables		239,583	25,100	9,376	-	11,370	285,429
Cash and cash equivalents	12	8,276	-	1	-	-	8,277
Trade and other payables		(49,298)	(6,282)	-	(5,008)	(1,585)	(62,173)
Borrowings	15	(146,962)	-	-	-	-	(146,962)
		51,599	18,818	9,377	(5,008)	9,785	84,571
Less: net assets		(51,599)	-	-	-	-	(51,599)
Currency exposure		-	18,818	9,377	(5,008)	9,785	32,972
2012							
Trade and other receivables		213,682	22,149	26,031	-	9,850	271,712
Cash and cash equivalents	12	89	-	1	-	21	111
Trade and other payables		(56,578)	(5,845)	-	(3,215)	(2,296)	(67,934)
Borrowings	15	(140,000)	-	-	-	-	(140,000)
		17,193	16,304	26,032	(3,215)	7,575	63,889
Less: net assets		(17,193)	-	-	-	-	(17,193)
Currency exposure		-	16,304	26,032	(3,215)	7,575	46,696

It is estimated that a five percentage point strengthening in foreign currencies against the Singapore Dollar would increase the Company's profit before income tax by approximately $1,649,000 (2012: $2,335,000). A five percentage point weakening in the foreign currencies against the Singapore Dollar would have an equal but opposite effect. The analysis assumes that all other variables, in particular interest rates, remain constant.

Notes to the Financial Statements
For the financial year ended 30 June 2013

34. Financial risk management (Continued)

(d) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group and the Company monitor its liquidity risk and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows.

Short-term funding is obtained from bank overdraft and borrowing facilities from banks and financial institutions.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted cash flows.

	Contractual undiscounted cash flows (including interest payments)			
Group	**Within 1 financial year $'000**	**Within 2 to 5 financial years $'000**	**Total $'000**	**Carrying amount $'000**
2013				
Trade and other payables	94,383	49,098	143,481	140,746
Borrowings	48,375	209,463	257,838	226,253
	142,758	258,561	401,319	366,999
2012				
Trade and other payables	242,137	25,862	267,999	266,749
Borrowings	168,933	50,276	219,209	215,410
	411,070	76,138	487,208	482,159
Company				
2013				
Trade and other payables	62,173	-	62,173	62,173
Borrowings	19,006	156,556	175,562	146,962
	81,179	156,556	237,735	209,135
2012				
Trade and other payables	67,934	-	67,934	67,934
Borrowings	140,302	-	140,302	140,000
	208,236	-	208,236	207,934

(e) Fair values

The carrying amounts of the financial assets and financial liabilities in the consolidated financial statements approximate their fair values due to the relative short term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

35. Capital management

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value.

The Group and the Company maintain an optimum capital structure by various means such as adjusting the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts, as it deems beneficial to the interests of its shareholders.

As part of the Group's and Company's capital management, the Company may purchase its own shares from the market and the timing of these purchases depends on market prices. Primarily, such actions are intended to stabilise the market price of the Company's shares and the purchased shares will be used for issuing shares under the Company's performance share plan. Buy and sell decisions by management are made on a specific transaction basis. The Group and the Company do not have a defined share buy-back plan.

In addition, the Company may adopt the scrip dividend scheme, issue rights issue shares, issue new ordinary shares via share placements to conserve cash resources and to pay down bank borrowings. The scrip dividend scheme also allows shareholders to reinvest in the growth of the Company.

The Group and the Company manage overall capital structure by leveraging the advantages and security afforded by a sound capital position while preserving a sustainable level of returns which also seek to meet certain capital requirements imposed by the banks. These requirements include maintaining minimum level of tangible net.

The Group also monitors capital based on a gearing ratio which is net debt divided by total capital. Net debt includes borrowings less cash and cash equivalents. Total capital refers to equity attributable to the equity holders of the Company.

	Group	
	2013	**2012**
	$'000	**$'000**
Net debt	155,358	173,267
Total equity	603,297	541,327
Total capital	554,418	500,409
Net gearing ratio	28%	34%

The Group and the Company are in compliance with all externally imposed capital requirements for both the financial year ended 30 June 2013 and 30 June 2012.

During the financial year ended 2012, the Company established a $300 million Multi Currency Medium Term Notes Programme ("MTN Programme"). The Company has issued $130 million notes under the MTN Programme as at 30 June 2013.

Apart from the above, the Group's current overall strategy remains unchanged for financial year ended 30 June 2013 and 2012.

Notes to the Financial Statements
For the financial year ended 30 June 2013

36. Events after the reporting period

Subsequent to 30 June 2013, the following events have taken place:

(a) The Company announced on 2 September 2013 to pay RMB 400 million in cash to purchase a 10% interest in a subsidiary and will seek shareholders' approval.

(b) On 10 September 2013, a subsidiary of the Company, Hebei Oriental Zhuyun Property Development Co., Ltd. has entered into a framework agreement with Langfang He Ying Property Development Co., Ltd. (the "Purchaser") to enter into negotiations for the transfer of the land use rights relating to land parcels with an area of approximately 490mu located in Langfang Development Zone, Hebei Province, the PRC (the "Land") together with some of the properties situated on the Land (the "Property") to the Purchaser. The Purchaser has agreed in-principle to purchase the Property at a rate of RMB 1,400,000 per mu. Based on this rate, the aggregate consideration for the sale will be approximately RMB 686 million or $141.3 million. The parties are currently still in negotiation to enter into a definitive agreement.

37. Comparative figures

Certain adjustments have been made to the previous years' financial statements to conform to the current year's presentation in connection with the adoption of Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets.

As a result, certain items in the statement of financial position of the Group as at 30 June 2012 and 2011, the consolidated statements of changes in equity of the Group, the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year ended 30 June 2012 and the related notes to the financial statements have been restated.

38. Properties of the Group

	Location	Description	Existing use	Tenure	Unexpired lease term (years)	Site area ('000 sqm)	Gross floor area ('000 sqm)
(a)	No. 5225, Daye Road, Fengxian District, Shanghai City, the People's Republic of China ("PRC")	Education college	Education facilities and hostels	Leasehold	39	255	68
(b)	No. 1 Chuangye Road, Hefei City, Anhui Province, the PRC	Education college	Education facilities and hostels	Leasehold	30 - 54	111	94
(c)	No. 28, Jinjing Road, Xiqing District, Tianjin City, the PRC	Education college	Education facilities and hostels	Leasehold	31	112	31
(d)	Oriental University City, Langfang Economic and Development Zone, Hebei Province, the PRC#	Education campus city	Facilities for educational, recreational, hostels, commercial, retail and utility activities	Leasehold	36 - 41	1,265	625
(e)	Merchant Square 51 Merchant Road Singapore# 1	Commercial development of multi storey office block and conservative shophouses	Rental of commercial offices	Leasehold	79	3	6
(f)	Mukim of Pulai, District of Johor Bahru, State of Johor, Malaysia# Land held under: H.S.(D) 458289, PTD 154973, H.S.(D) 458290, PTD 154974 and H.S.(D) 458292, PTD 154973	University campus development	Construction and development phase	Freehold	-	263	-

38. Properties of the Group (Continued)

	Location	Description	Existing use	Tenure	Unexpired lease term (years)	Site area ('000 sqm)	Gross floor area ('000 sqm)
(g)	Soi Bangna – Trat 37 Bangkaew Sub-district Bang Phli District Samut Prakarn Province, Thailand#	Education college	Construction and development phase	Freehold	-	23	-
(h)	Mukim of Pulai, Lot 143116 District of Johor Bahru State of Johor, Malaysia	Education college	Construction and development phase	Freehold	-	182	-

Valuation performed in financial years 2012 and 2013 by independent professional valuer, as referred to in Note 5 of the financial statements.

1 The property was transferred to property, plant and equipment during the financial year.

Size of Shareholdings as at 27 September 2013

Size of Shareholdings	No. of Shareholders	Percentage	No. of Shares Held (excluding treasury shares)	Percentage
1 - 999	1,175	9.68%	406,879	0.04%
1,000 - 10,000	6,523	53.72%	30,869,060	3.01%
10,001 - 1,000,000	4,389	36.15%	210,441,489	20.52%
1,000,001 and above	55	0.45%	783,645,805	76.43%
	12,142	100.00%	1,025,363,233	100.00%

Issued and fully paid-up capital	: S$486,372,541.86
Number of issued shares and paid-up shares (excluding treasury shares)	: 1,025,363,233
Number of treasury shares held	: 19,932,000
Class of shares	: Ordinary
Voting rights	: one vote per share

The percentage of treasury shares held against the total issued shares (excluding treasury shares) is 1.94%

Based on information available to the Company as at 27 September 2013, approximately 57.82% of the issued ordinary shares (excluding treasury shares) of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

Top Twenty Shareholders As At 27 September 2013

S/No.	Name	No. of Shares	Percentage
1	CHEW HUA SENG OR DORIS CHUNG GIM LIAN	99,745,972	9.73%
2	CITIBANK NOMS S'PORE PTE LTD	66,299,636	6.46%
3	OEI HONG LEONG	60,288,000	5.88%
4	HSBC (SINGAPORE) NOMS PTE LTD	51,418,505	5.01%
5	MAYBANK NOMINEES (S) PTE LTD	43,091,000	4.20%
6	OCBC SECURITIES PRIVATE LTD	42,238,065	4.12%
7	SING INVEST & FIN NOMINEES PL	42,000,000	4.10%
8	BANK OF EAST ASIA NOMS PTE LTD	40,008,999	3.90%
9	UNITED OVERSEAS BANK NOMINEES	32,322,890	3.15%
10	DORIS CHUNG GIM LIAN	26,187,046	2.55%
11	HL BANK NOMINEES (S) PTE LTD	25,953,000	2.53%
12	TOMMIE GOH THIAM POH	22,853,729	2.23%
13	DBS NOMINEES PTE LTD	19,357,017	1.89%
14	DBSN SERVICES PTE LTD	18,846,211	1.84%
15	CIMB SEC (S'PORE) PTE LTD	18,212,582	1.78%
16	LIM & TAN SECURITIES PTE LTD	17,636,701	1.72%
17	MAYBANK KIM ENG SECS PTE LTD	13,497,639	1.32%
18	OEI HONG LEONG ART MUSEUM LIMITED	13,290,000	1.30%
19	DBS VICKERS SECS (S) PTE LTD	12,681,871	1.24%
20	UOB KAY HIAN PTE LTD	12,307,401	1.20%
		678,236,264	66.15%

Size of Shareholdings as at 27 September 2013

Substantial Shareholders

As shown in the Register of Substantial Shareholders

Name of Shareholders	No of Shares Direct Interest	Deemed Interest
Chew Hua Seng(1)(2)	330,435,853	26,187,046
Doris Chung Gim Lian(1)(2)	171,533,018	185,089,881
Oei Hong Leong(3)	60,288,000	13,290,000

Notes: -

(1) Ms Doris Chung Gim Lian is the spouse of Mr Chew Hua Seng. In this regards, Ms Doris Chung Gim Lian is deemed to have an interest in the shareholdings of Mr Chew Hua Seng and vice versa.

(2) Includes 145,345,972 shares which are held jointly by Mr Chew Hua Seng and Ms Doris Chung Gim Lian.

(3) Mr Oei Hong Leong is deemed to have an interest in the shares held by Oei Hong Leong Art Musuem Limited ("OHLAM") due to his direct interests of 90% in the ultimate holding company of OHLAM.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Raffles Education Corporation Limited will be held on 29 October 2013 at 10.30 a.m. at Ballroom II & III, Level 2, InterContinental Singapore, 80 Middle Road, Singapore 188966 to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Report of the Directors and Audited Accounts of the Company for the financial year ended 30 June 2013 together with the Auditors' Report thereon. **[Resolution 1]**

2. To approve the proposed Directors' fee of S$260,560/- for the financial year ended 30 June 2013. [2012: S$241,000/-] **[Resolution 2]**

3. To re-elect the following Directors retiring pursuant to the Company's Articles of Association:-

   (a) Dr Tan Chin Nam {retiring pursuant to Article 91} **[Resolution 3]**
   (b) Mr Teo Cheng Lok John {retiring pursuant to Article 91} **[Resolution 4]**

4. To re-appoint Messrs BDO LLP, as the Company's Auditors and to authorise the Directors to fix their remuneration. **[Resolution 5]**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions with or without any modifications:-

6. Authority for Directors to issue shares and to make or grant instruments pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore

   "THAT pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore (the "**Companies Act**"), authority be and is hereby given to the Directors of the Company to:

   (a) issue and allot new shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise, and/or make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and with such rights and restrictions as they may think fit to impose and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

   provided that:

   (i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (ii) below);

   (ii) subject to such other manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST"), for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of issued shares shall be based on the number of issued shares (excluding treasury shares) at the time this Resolution is passed, after adjusting for:

      (A) any new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

      (B) any subsequent bonus issue, consolidation or sub-division of shares;

   (iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions imposed by the SGX-ST from time to time and the provisions of the Listing Manual of the SGX-ST for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Articles of Association for the time being of the Company; and

   (iv) such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

   [See Explanatory Note (i)] **[Resolution 6]**

7. Authority for Directors to grant options and awards, and to allot and issue shares pursuant to the Raffles Education Corporation Employees' Share Option Scheme (Year 2011) and the Raffles Education Corporation Performance Share Plan

   "THAT the Directors of the Company be and are hereby authorised to:

   (a) offer and grant options and awards to non-executive directors and employees who are eligible to participate in the Raffles Education Corporation Employees' Share Option Scheme (Year 2011) (the "**Scheme**") and Raffles Education Corporation Performance Share Plan (the "**Share Plan**") in accordance with the Scheme and the Share Plan (as the case may be); and

   (b) allot and issue from time to time such number of fully paid shares in the capital of the Company as may be required to be issued pursuant to exercise of such options or vesting of such awards in accordance with the terms and conditions of the Scheme and the Share Plan,

provided always that the aggregate number of shares to be allotted and issued pursuant to the Scheme and the Share Plan shall not exceed fifteen per cent (15%) of the total number of issued shares (excluding treasury shares) from time to time and subject to such lower limits as the terms of the Scheme and the Share Plan may impose.
[See Explanatory Note (ii)] **[Resolution 7]**

8. Renewal of the Share Purchase Mandate

"THAT

(a) for the purposes of the Companies Act, the exercise by the Directors of the Company of all powers of the Company to purchase or otherwise acquire issued ordinary shares fully paid in the capital of the Company not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) (each a "**Market Purchase**") on the SGX-ST; and/or

(ii) off-market purchase(s) (each an "**Off-Market Purchase**") in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held; or

(ii) the date on which the purchases or acquisitions of shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated,

whichever is the earlier.

In this Resolution:

"**Maximum Limit**" means that number of shares representing ten per cent (10%) of the total number of issued shares (excluding treasury shares) as at the date of the passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereinafter defined), in which event the total number of shares shall be taken to be the number of the shares as altered (excluding any treasury shares that may be held by the Company from time to time);

Notice of Annual General Meeting

"**Relevant Period**" means the period commencing from the date of the passing of this Resolution and expiring on the date the next Annual General Meeting of the Company is held or is required by law to be held, whichever is the earlier; and

"**Maximum Price**", in relation to a share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(A) in the case of a Market Purchase, 105 per cent (105%) of the Average Closing Price; and

(B) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120 per cent (120%) of the Average Closing Price,

where:

(1) "**Average Closing Price**" means the average of the closing market price of a share over the last five (5) Market Days (a "**Market Day**" being a day on which the SGX-ST is open for trading in securities), on which transactions in the shares were recorded, before the day on which the purchase or acquisition of shares was made or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days;

(2) "**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(3) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.
[See Explanatory Note (iii)] **[Resolution 8]**

BY ORDER OF THE BOARD

Keloth Raj Kumar (Mr)
Company Secretary

Singapore,
11 October 2013

Notice of Annual General Meeting

Note:

A Member is entitled to appoint a proxy to attend and vote in his place. A proxy need not be a Member of the Company. Members wishing to vote by proxy at the meeting may use the proxy form enclosed. The completed proxy form must be lodged at the **Registered Office** of the Company at **Raffles Education Square, 51 Merchant Road, Singapore 058283** not less than 48 hours before the time appointed for the Meeting.

Notes to item no. 3

(a) Dr Tan Chin Nam is an Independent Director, who will continue the capacities as the Chairman of the Nomination Committee as well as a member of the Remuneration and Risk Management Committees upon re-election as a Director of the Company.

(b) Mr Teo Cheng Lok John is an Independent Director, who will continue the capacities as the Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committees upon re-election as a Director of the Company.

Please refer to section on "Board of Directors" in the Annual Report for key information on Dr Tan and Mr Teo.

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED:

(i) The proposed **Resolution 6**, if passed, will empower the Directors of the Company from the date of the passing of the Resolution to the earlier of the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held, to allot and issue shares and to grant instruments (such as warrants, debentures or other securities) convertible into shares, and to issue shares in pursuance of such instruments, unless such authority is earlier revoked or varied by the shareholders of the Company at a general meeting.

The aggregate number of shares which the Directors may issue (including shares to be issued pursuant to convertibles) under this Resolution shall not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares). For issue of shares other than on a *pro rata* basis, the aggregate number of shares to be issued (including shares to be issued pursuant to convertibles) shall not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares).

(ii) The proposed **Resolution 7**, if passed, will empower the Directors of the Company from the date of the passing of the Resolution until the earlier of the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held, to grant options and awards to eligible non-executive directors and employees of the Company under the Scheme and the Share Plan and to allot and issue shares from time to time pursuant to the exercise of the options under the Scheme or the vesting of the awards under the Share Plan, provided always that the aggregate number of shares to be allotted and issued pursuant to the Scheme and the Share Plan shall not exceed fifteen per cent (15%) of the total number of issued shares (excluding treasury shares) from time to time and subject to such lower limits as the terms of the Scheme and the Share Plan may impose, unless such authority is earlier revoked or varied by the shareholders of the Company at a general meeting.

(iii) The proposed **Resolution 8**, if passed, will empower the Directors of the Company from the date of the passing of the Resolution until the earlier of the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held, to purchase or otherwise acquire, by way of Market Purchases or Off-Market Purchases, up to ten per cent (10%) of the total number of issued shares (excluding treasury shares) as at the date of passing of the Resolution on the terms of the Share Purchase Mandate as set out in the letter to shareholders dated 11 October 2013 accompanying this Notice of Annual General Meeting (the "**Letter**"), unless such authority is earlier revoked or varied by the shareholders of the Company at a general meeting.

The Company intends to use internal sources of funds or borrowings or a combination of both to finance the Company's purchase or acquisition of the shares pursuant to the Share Purchase Mandate. The amount of financing required for the Company to purchase or acquire its shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice of Annual General Meeting as these will depend on, inter alia, the aggregate number of shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such shares, the amount (if any) borrowed by the Company to fund the purchases or acquisitions and whether the shares purchased or acquired are cancelled or held as treasury shares. For illustrative purposes only, the financial effects of an assumed purchase or acquisition of **84,597,523** shares, at a purchase price equivalent to the Maximum Price per share, in the case of a Market Purchase and an Off-Market Purchase respectively, based on the audited financial statements of the Company and its subsidiaries for the financial year ended 30 June 2013 and certain assumptions, are set out in paragraph **2.8** of the Letter.

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PROXY FORM

RAFFLES EDUCATION CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No. 199400712N

IMPORTANT

1. For investors who have used their CPF monies to buy Raffles Education Corporation Limited's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ____

of ____

being a *member/members of Raffles Education Corporation Limited, hereby appoint

Name	Address	NRIC / Passport No.	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 29 October 2013 at 10.30 a.m. at Ballroom II & III, Level 2, InterContinental Singapore, 80 Middle Road, Singapore 188966 and at any adjournment thereof.

The proxy is required to vote as indicated with an "X" on the resolutions set out in the Notice of Meeting and summarised below. If no specific direction as to voting is given, the proxy/proxies may vote or abstain at his discretion.

No.	Resolution	For	Against
1.	To receive and adopt the Report of the Directors and Audited Accounts for the financial year ended 30 June 2013 together with the Auditors' Report thereon.		
2.	To approve the proposed Directors' Fees of S$260,560/- for the financial year ended 30 June 2013. [2012: S$241,000/-]		
3.	To re-elect Dr Tan Chin Nam as a Director {retiring pursuant to Article 91}.		
4.	To re-elect Mr Teo Cheng Lok John as a Director {retiring pursuant to Article 91}.		
5.	To re-appoint Messrs BDO LLP as the Company's Auditors and to authorise the Directors to fix their remuneration.		
6.	Authority to allot and issue shares up to fifty per cent (50%) of total issued shares (excluding treasury shares).		
7.	Authority to issue shares under the Raffles Education Corporation Employees' Share Option Scheme (Year 2011) and the Raffles Education Corporation Performance Share Plan.		
8.	Authority to purchase up to ten per cent (10%) of issued ordinary shares (excluding treasury shares) under the Share Purchase Mandate.		

Signed this ________ day of ____________ 2013

Total No. of Shares in:	No. of Shares
CDP Register	
Register of Members	

____
Signature(s) of Member(s)/Common Seal

Notes:

1. A shareholder of the Company ("**Shareholder**") entitled to attend and vote at the Annual General Meeting ("**AGM**") is entitled to appoint not more than two (2) proxies to attend and vote instead of him. Such proxy need not be a Shareholder.

2. Where a Shareholder appoints two (2) proxies, the proportion of the shareholding concerned (expressed as a percentage of the whole) to be represented by each such proxy shall be specified in the instrument appointing the proxy or proxies. The proposed appointments will be invalid where the proportions of shareholding concerned are not specified.

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

4. A corporation which is a Shareholder may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the AGM, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**").

5. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or a duly certified copy thereof, must be deposited at Raffles Education Square, 51 Merchant Road, Singapore 058283, not less than 48 hours before the time appointed for holding of the AGM. Completion and return of the proxy form by a Shareholder will not prevent him from attending and voting at the AGM if he so wishes. In such event, the relevant proxy form will be deemed to be revoked.

6. A Shareholder should insert the total number of shares held. If the Shareholder has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act), he should insert that number of shares. If the Shareholder has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the Shareholder has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by Shareholder.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shareholders whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such Shareholders are not shown to have shares entered against their names in the Depository Register as at 48 hours before the time of the AGM as certified by The Central Depository (Pte) Limited to the Company and accept as the maximum number of votes which in aggregate the proxy or proxies is or are able to cast on a poll a number which is the number of shares entered against the name of that Shareholder in the Depository Register as at 48 hours before the time of the AGM as certified by The Central Depository (Pte) Limited to the Company, whether that number is greater or smaller than the number specified in such instrument appointing a proxy or proxies.

8. A Depositor shall not be regarded as a Shareholder entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time appointed for holding of the AGM.

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RafflesEducation*Corp*

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