RafflesEducationCorp

I DON'T JUST EXECUTE I DELIVER WITH PASSION

Raffles 25 YEARS OF Success by Design

ANNUAL REPORT YEAR 2015

Mr Chew Hua Seng
Chairman and CEO

Faith and Passion
Powered Our Growth

I DON'T
JUST EXECUTE

I DELIVER WITH
PASSION

Contents

25 YEARS

Our Vision

Our vision is to be the premier education Group.

Our Mission

We are committed to provide quality education and related services through our network of institutions.

Our Values & Culture

We provide a learning environment that leads to successful careers through educational experiences that promote:

- **S**ocial responsibility
- **P**rofessional excellence for employability
- **A**nalytical thinking for problem solving
- **C**reativity to encourage innovation
- **E**ntrepreneurship

Corporate Profile

Raffles Education Corporation Limited ("RafflesEducation*Corp*" or "the Group") is the largest premier education Group. Since establishing its first college in Singapore in 1990, the Group has grown to operate 30 colleges in 29 cities across 13 countries in the Asia-Pacific and Europe: Australia, Cambodia, China, India, Indonesia, Malaysia, Mongolia, Philippines, Saudi Arabia, Singapore, Sri Lanka, Switzerland and Thailand.

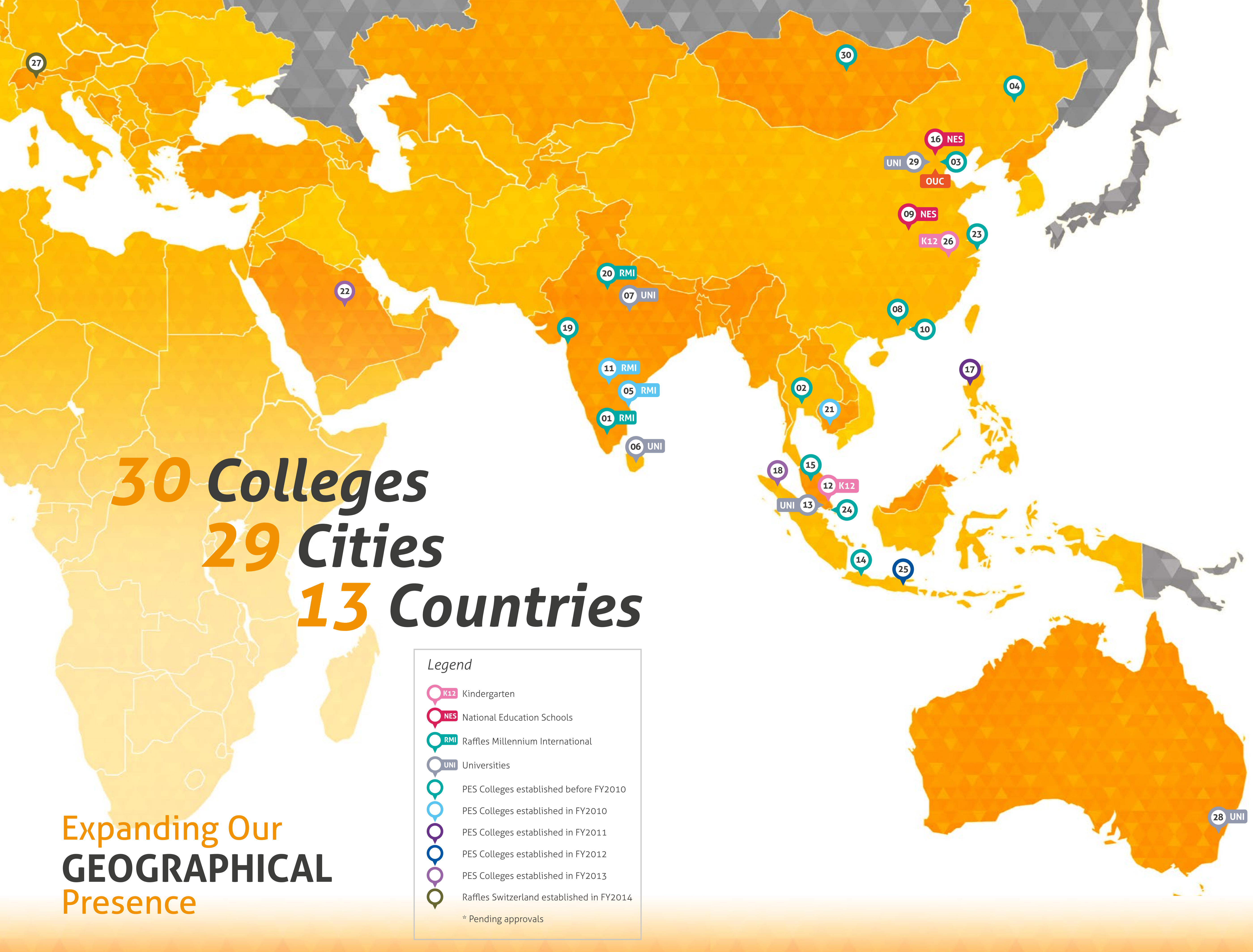
More than 20,000 students enrolled in RafflesEducation*Corp*'s tertiary programmes benefit from a quality education that provides graduates with a well-rounded hands-on experience that is relevant to the industry.

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 ten colleges with an additional student population of over 19,000.

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

● *Hotel 4 Valais and Spa, Nendaz, Switzerland*



30 Colleges 29 Cities 13 Countries

Expanding Our GEOGRAPHICAL Presence

Legend

- K12 Kindergarten
- NES National Education Schools
- RMI Raffles Millennium International
- UNI Universities
- PES Colleges established before FY2010
- PES Colleges established in FY2010
- PES Colleges established in FY2011
- PES Colleges established in FY2012
- PES Colleges established in FY2013
- Raffles Switzerland established in FY2014

* Pending approvals

- 01 RMI Bangalore
- 02 Bangkok
- 03 Beijing
- 04 Changzhou
- 05 RMI Chennai
- 06 UNI Colombo
- 07 UNI Greater Noida*
- 08 Guangzhou
- 09 NES Hefei Wanbo
- 10 Hong Kong
- 11 RMI Hyderabad
- 12 K12 Iskandar
- 13 UNI Iskandar
- 14 Jakarta
- 15 Kuala Lumpur
- 16 NES Langfang
- 17 Manila
- 18 Medan
- 19 Mumbai
- 20 RMI New Delhi
- 21 Phnom Penh
- 22 Riyadh
- 23 Shanghai
- 24 Singapore
- 25 Surabaya
- 26 K12 Suzhou
- 27 Switzerland
- 28 UNI Sydney
- 29 UNI Tianjin
- 30 Ulaanbaatar
- OUC Oriental Universiy City

Corporate Milestones

25 YEARS

Raffles Turns 25!

Like the illuminating glow of aurora borealis that shimmers across the boundless sky, the combination of three visually bold colours evokes a strong sense of unity between Raffles Management, Students and Creative Practitioners.

The energetic shade of green symbolises the steady progression and solid footing of Raffles globally;

The adrenaline rush of magenta with lively orange signifies our students' self confidence and positive outlook about their future through Raffles;

The warm blue with a tint of purple represents the enthusiasm and wisdom of our international faculty in empowering students to strive towards self-actualisation.

We have the makings of a
Premier Education Group,
evident from our astonishing 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
Established Raffles Design International in Mumbai, India

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

2005
January 2005
RafflesEducationCorp stepped up to the Mainboard of SGX

Corporate Milestones

2007

March 2007
Acquired China Education Limited

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

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

2009

February 2009
Established college in Jakarta, Indonesia

April 2009
Established college in Bangalore, India

2010

January 2010
Established college in Phnom Penh, Cambodia

Established colleges in India (Chennai and Hyderabad)

March 2010
Established college in Colombo, Sri Lanka

September 2010
Established 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 college in Surabaya, Indonesia

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

2013

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

March 2013
RafflesEducationCorp'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
RafflesEducationCorp's headquarters and Raffles College of Higher Education Singapore moved into Raffles Education Square, its first wholly-owned permanent home after 23 years

July 2013
Established college in Riyadh, Saudi Arabia

Established colleges in Medan, Indonesia

2014

August 2014
RCDC acquired its own campus building at 1-3 Fitzwilliam Street in Parramatta, NSW, Australia

November 2014
Completion of state-of-the-art permanent campus for Raffles Bangkok at Bangna, Bangkok, Thailand.

2015

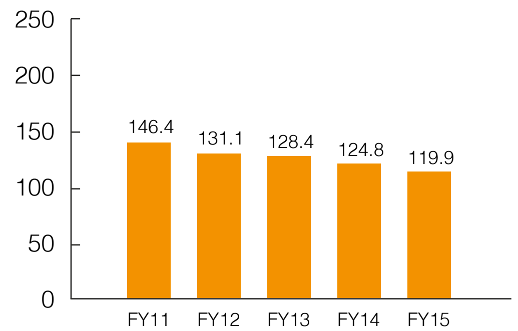
January 2015
Established new college in Switzerland, Nendaz

Financial Highlights

For the year ended 30 June (S$ thousands)	2011	2012 Restated#	2013	2014 Restated^	2015
Operating Results					
Revenue	146,353	131,135	128,377	124,839	119,895
Profit/(loss)					
EBITDA	26,115	32,735	29,581	94,853	23,804
Operating	9,574	63,253	(5,232)	54,367	11,811
Before Tax from continuing operations	70,699	(10,355)	27,952	80,109	22,339
After Tax from continuing operation	45,693	(58,907)	34,498	58,501	19,371
After Tax from continuing & discontinuing operations	51,271	(71,862)	34,248	58,264	19,371
Attributable to shareholders	41,917	(66,261)	26,672	55,374	16,983
Operating Cashflow	29,331	13,768	9,009	12,876	4,167
Earnings per Share (cents)- Basic*	4.36	(6.91)	2.66	5.40	1.68
- Diluted*	4.36	(6.91)	2.66	5.40	1.68
Shares used in calculating EPS (millions) -Basic*	961	958	1,004	1,025	1,010
-Diluted*	961	958	1,004	1,025	1,010
Financial Position					
Issued Share Capital**	436,696	436,696	460,402	457,720	449,055
Shareholders Funds	551,399#	500,409	554,418	563,695	565,996
Non-current Assets	967,102	737,268	814,859^	787,640	944,462
Current Assets	168,756	432,657	256,023^	305,932	322,620
Current Liabilities	256,499	552,560	221,416^	250,130	422,956
Non-current Liabilities	285,566#	76,038	246,169	240,157	184,751
Net Asset Value per Share (cents)*	64.53#	58.56	54.07	55.41	57.10
Return On Shareholders Funds					
Return on Equity (%)	7.6%	-13.2%	4.8%	9.8%	3.0%
Net Profit Margin (%)	28.6%	-50.5%	20.8%	44.4%	14.2%

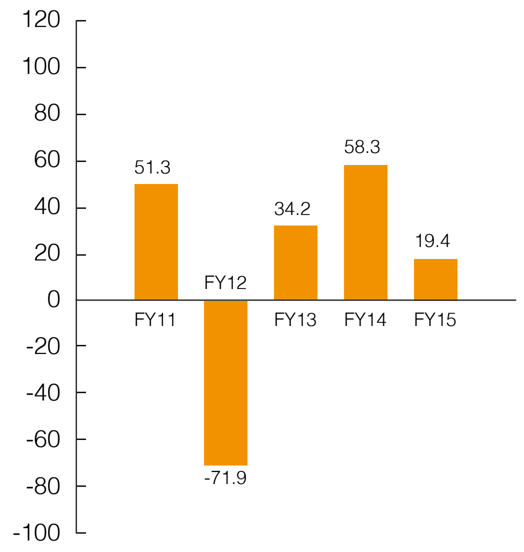
Revenue

S$ millions



Net Profit/(Loss) After Tax

S$ millions



Note:
* Financial year 2011 and 2012 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.
^ Certain accounting policies or accounting standards had changed in the financial years 2015. Only the financial information presented above for each of the years immediately preceding 2015 and the financial position of 2013 had been restated to reflect the relevant changes in accounting policies or accounting standards.

For the year ended 30 June (S$ thousands)	2014	2015	Change
Operating Results			
Revenue	124,839	119,895	-4.0%
Profit/(loss)			
EBITDA	94,853	23,804	-74.9%
Operating	54,367	11,811	-78.3%
Before Tax from continuing operations	80,109	22,339	-72.1%
After Tax from continuing operations	58,501	19,371	-66.9%
After Tax from continuing and discontinuing operations	58,264	19,371	-66.8%
Attributable to shareholders	55,374	16,983	-69.3%
Operating Cashflow	12,876	4,167	-67.6%
Earnings per Share (cents)- Basic	5.40	1.68	-68.9%
- Diluted	5.40	1.68	-68.9%
Shares used in calculating EPS (millions) -Basic	1,025	1,010	-1.5%
-Diluted	1,025	1,010	-1.5%
Financial Position			
Issued Share Capital**	457,720	449,055	-1.9%
Shareholders Funds	563,695	565,996	0.4%
Non-current Assets	787,640	944,462	19.9%
Current Assets	305,932	322,620	5.5%
Current Liabilities	250,130	422,956	69.1%
Non-current Liabilities	240,157	184,751	-23.1%
Net Asset Value per Share (cents)	55.41	57.10	3.0%

As at 30 June	2011	2012	2013	2014	2015
Revenue Contribution by Region					
Asean	17.6%	22.5%	24.8%	28.5%	29.6%
North Asia	68.7%	60.8%	56.6%	58.6%	57.3%
Australasia	10.2%	11.8%	12.4%	10.2%	10.1%
South Asia	3.5%	4.9%	6.2%	2.7%	2.8%
Europe	-	-	-	-	0.2%
Total	100%	100%	100%	100%	100%

Revenue Contribution by Segments

(S$'000)	2014	2015
Private Education System	73,038	72,015
National Education System	27,706	30,017
Education Facilities		
Rental Service	12,355	13,149
Corporate & Others	94	98
Real Estate Investment		
& Development	11,646	4,616
Total	124,839	119,895

Earnings Contribution by Segments

(S$'000)	2014	2015
Private Education System	24,085	20,109
National Education System	7,609	7,145
Education Facilities		
Rental Service	8,894	9,601
Corporate & Others	(5,332)	(26,545)
Real Estate Investment		
& Development	23,245	9,061
Total	58,501	19,371

Note:
** Net of treasury shares

Letter to Shareholders

Dear Shareholders,

2015 is a significant year for RafflesEducation*Corp* – it marks our Silver Jubilee. Strategy and planning laid our path whilst faith and passion powered our growth in these twenty-five years.

Twenty five years ago, RafflesEducation*Corp* was established with a vision to provide quality education. During its fledgling years, RafflesEducation*Corp* tread with measured steps. It ventured into Kuala Lumpur in 1992, into Shanghai in 1994 and in 1996, into Beijing. In 2002, RafflesEducation*Corp* listed on the second board of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), now known as Catalist Board. Three years later, it was moved up to the Main Board of SGX-ST.

The pace quickened as the organization grew in maturity and confidence. Today, RafflesEducation*Corp* is a premier education group in Asia-Pacific and Europe: Australia, Cambodia, China, India, Indonesia, Malaysia, Mongolia, Philippines, Saudi Arabia, Singapore, Sri Lanka, Switzerland and Thailand.

Each year, more than 20,000 students enrolled in our tertiary programmes. Students have a wide selection of quality education options that will equip them with well-rounded essential skills and practical knowledge relevant to the industry. We diligently work towards replicating in our overseas colleges the vibrant and creative ambience that our flagship campus at Raffles Education Square in Singapore exudes. We believe that a well-planned and well-equipped campus goes a long way in nurturing talents, particularly, in creativity and innovation.

Whilst provision of quality education will be our mainstay, RafflesEducation*Corp* has added the management of education assets and facilities and the investment and development of education-linked real estate, to bolster its growth and ensure sustainability.

Commemorating Achievements

Four S'poreans make it to Forbes Asia philanthropy list

Most notable is Melissa Kwee, with her plans to hire migrant workers

By TEH SHI NING

[SINGAPORE] Melissa Kwee, daughter of hotel and property tycoon Kwee Liong Tek, was featured in the latest issue of *Forbes Asia* for her pilot programme to directly recruit migrant workers for the Capella resort that her family has just built on Sentosa.

Reporting on her efforts to better migrant workers' lot by changing recruitment practices, the *Forbes Asia* piece said that she "could have been the Paris Hilton of Singapore", but is instead the "public face of the Kwee family's quiet but quite sizable philanthropic efforts".

The Kwee family has funded publicly commissioned artworks, and contributed to local museums as well as scholarship and school funds here and in the US. For that, they have recently been honoured on *Forbes Asia*'s second annual Heroes of Philanthropy list.

Other altruistic Singaporeans on *Forbes Asia*'s list of 48 philanthropists from 12 Asia-Pacific markets, are Raffles Education's founder and CEO Chew Hua Seng, Lien Foundation's Margaret Lien, and ...

Mr Chew pledged US$70 million last September to the Chew Hua Seng Foundation he started in late 2007. The foundation, focused on educating disadvantaged

youth, has donated at least US$3.3 million so far.

Lauded

Forbes Asia's list of 48 philanthropists from 12 Asia-Pacific markets

Australia/New Zealand
George Lewin, 59
Daniel Petre, 49
Greg Poche, 67
Stephen Tindall, 57

China
Chen Guangbiao, 40
Cho Tak Wong, 63
Huang Rulun, 57
Yang Huiyan, 27, and Yeung Kwok Keung, 54

Hong Kong
Ronnie Chan, 59
Eric Hotung, 82
Li Ka-shing, 80
Yu Pang Lin, 87

India
Anil Agarwal, 55
Sunil Mittal, 51
Shiv Nadar, 63
Rohini Nilekani, 49

Indonesia
Cherie Nursalim, 41
James Riady, 51
Putera Sampoerna, 61
George and Sjakon Tahija, 49 & 54

Japan
Kazuo Inamori, 77
Yoshitaka Kitao, 58
Masayoshi Kozuki, 68
Shoji Uehara, 81

Malaysia
Ahmadshah Abdullah, 62
Jeffrey Cheah, 63
Lim Kok Wing, 62
Raya Erom, 46

The Philippines
Jon Ramon Aboitiz, 61, and family
Manuel V Pangilinan 62
Henry Sy, 84, and family
Alfonso Yuchengco Sr, 85

Singapore
Chew Hua Seng, 54
The Kwee Family
Margaret Lien, 66
Wee Cho Yaw, 80

South Korea
Choi Sin-won, 56
Jeff Jones, 56
Nam Han bong, 70
Park Young-ju, 68

Taiwan
Chang Yung-fa, 81
Chen Tei-fu, 60
Bruce Cheng, 72
Chien-ming Wang, 28

Thailand
Rattawadee Bualert, 35
Charoen Sirivadhanabhakdi, 64
Kamala Sukosol, 67
Mechai Viravaidya, 68

Chew Hua Seng · Melissa Kwee · Margaret Lien · Wee Cho Yaw

WELL-KNOWN NAMES MAKE *FORBES'* LIST

Four well-known names in Singapore are on the annual list of altruistic givers put out by the magazine *Forbes Asia* for this year.

Mrs Margaret Lien of the Lien Foundation, Mr Chew Hua Seng of Raffles Education, UOB Chairman's Mr Wee Cho Yaw and Mr Kwee Liong Tek of Pontiac Land are among 48 big givers from 12 countries in the Asia-Pacific region dubbed "Heroes of Philanthropy".

They are lauded for the resilience of their efforts in the ...

Mr Chew, the 54-year-old chief executive officer of Raffles Education pledged $70 million last year to an eponymous foundation targeted at educating disadvantaged youth.

... headed by the 63-year-old Mr Kwee — makes large contributions to arts and education causes in Singapore and the United States.

Mrs Margaret Lien, one of Singapore's richest women, heads the Lien Foundation. It was founded in 1980 by her late husband — banker and hotelier Lien Ying Chow — and focuses on education for the disadvantaged, funds elder care and community projects in poor communities in Cambodia, Vietnam and China.

Mr Wee Cho Yaw, 80, and his family launched the $20-million Wee Foundation early this year to not only help young people continue with their education, the aged and the poor, but also to promote Chinese language and culture.

(Clockwise from top) Mr Chew Hua Seng of Raffles Education, Mrs Margaret Lien of the Lien Foundation, and UOB Chairman's Mr Wee Cho Yaw. TODAY FILE PHOTOS

黄祖耀家族捐……氏基金

林妙娜　报道

著名银行家兼华社领袖黄祖耀率领家族成员捐出3000万元设立黄氏基金，推动华文华语和华族文化的发展，以及加强社……决定设立家族基金。

除了扶弱济贫，郑NN希说："黄氏基金也希望能够推广华文华语及华族文化，同时加强社会凝聚力，以及促进社会联系。"

族名义设立慈善基金的情况在新加坡越来越普遍，但像黄家这样，把推广华族文化作为宗旨之一的慈善基金却不多，受访的华社领袖对黄氏基金的设立感到鼓舞。

活动。过去在他的慷慨捐献下受惠的，多数是与他相关的组织。

林文丹说："黄氏基金设立后，相信更多华社团体将受惠。"

除了推动华族文化的……

黄氏基金也希望能够推广华文华语及华族文化，同时加强社会凝聚力，以及促进社会联系。

在本地，越来越多成功人士通过设立基金，更有系统地发放慈善捐款。去年9月，上市公司莱佛士教育集团（Raffles Education Corp）创办人兼总裁周华盛宣布以个人名义在未来10年里拨出1亿元设立周华盛基金，重点在推动本地及邻国的教育发展。

（SGX）总裁谢福华则捐出500万元设立慈善机构Binjai Tree，提升弱势群体的生活水平。中华总商……

Four S'poreans recognised as charity heroes

Forbes Asia's list lauds those with interesting altruistic pursuits

By MELISSA SIM

FOUR Singaporeans have made it to Forbes Asia's second list of philanthropic heroes. One – Mr Chew Hua Seng – is relatively new to the charity scene.

He joins three familiar names on the list: the chairman of United Overseas Bank, Mr Wee Cho Yaw, 81; the head of the Lien foundation, Mrs Margaret Lien, 66; and the Kwee family, headed by Mr Kwee Liong Tek, 66, chairman of Pontiac Land, which owns luxury hotels and of-...

Mr Chew, the founder and chief executive of Raffles Education Corp, a private education provider, made headlines last year when he launched the $100 million Chew Hua Seng Foundation.

The money will be disbursed over 10 years and will focus on educating disadvantaged youth, both in Singapore and the region. So far, the foundation has pledged more than $24 million and given away more than $4 million.

The Singaporeans on Forbes Asia's second list of philanthropic heroes are (from left) Mr Chew Hua Seng, 54; Mr Wee Cho Yaw, 81; Mrs Margaret Lien, 66; and Mr Kwee Liong Tek, 66. PHOTOS: ST FILE, BT FILE, LIANHE ZAOBAO

... and list of philanthropists, four from each of 12 Asia-Pacific economies.

Unlike its well-known list of Asia's wealthiest individuals, this one does not rank them by their net worth or the amounts they donate to charity. Instead, it highlights people who have interesting altruistic pursuits, and people who give away their own money as opposed to money donated through their companies.

Some of the non-Singaporeans on the list include Hong Kong's Mr Li Ka-Shing, who donated more than US$30 million (S$46.6 million) to victims of last year's Sichuan earthquake, and the chairman of Indonesia's Lippo Group, Mr James Riady, whose organisation provides free medical care, disaster relief and education services to needy Indonesians.

The four Singaporeans on last year's list are Ms Mavis Khoo, daughter of the late hotel tycoon Khoo Teck Puat; Creative Technology boss Sim Wong Hoo; executive chairman of the Raffles Medical Group, Dr Loo Choon Yong; and founder of the Sunlove Abode for Intellectually Infirmed, Mr Wee Lin.

At 54, Mr Chew is the youngest of the four Singaporeans chosen this year.

His foundation has given bursary funds to Chinese universities.

In Singapore, he made contributions to his alma mater, Monfort Secondary School, to build an indoor sports hall. The foundation has also pledged money to build a kindergarten and to help Family Service Centres.

Said Mr Chew on making this year's list of philanthropic heroes: "I've never been a hero. I just want to do my part."

Last month, Mr Wee Cho Yaw and his family donated $30 million to set up a foundation to help young people continue their education, and assist the poor and aged in Singapore and Asia. It will also promote Chinese language and culture.

The Kwee family was acknowledged by Forbes for its contribution to arts and education. Mrs Lien, the widow of banker Lien Ying Chow, was lauded for her efforts in areas of elder care and education. The Lien foundation has also spent $26 million over the last four years on projects such as clean-water and sanitation systems in the region.

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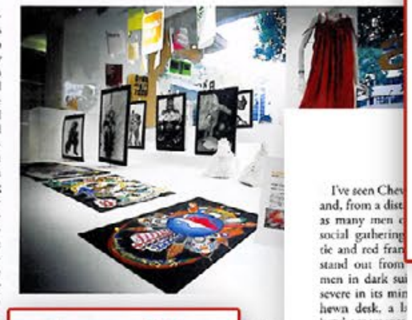
Lead



To get to the CEO's office at the Raffles Design Institute (RDI) campus on Beach Road, one goes through a succession of stairs and narrow corridors flanked by offices. Although the place has the orderly hum of a school campus, it also has the arty flourishes one expects from a design institute. ...

Chew grew Raffles Education from one campus offering fashion-related courses into a regional behemoth of 29 design colleges and business education institutes spread out across Asia Pacific.

BACK-TO-BACK SUCCESS

FOCUS ON EDUCATION

18 Wealth

WHAT DRIVES THE FRONT-LINERS

These are the people with passion and fire in the belly. And REC is looking for more like them

TEXT _ TEH HOOI LING

IT TAKES A SPECIAL BREED of people who can uproot themselves from the comfort of Singapore and relocate to the so-called new frontiers – emerging countries like China and Vietnam.

These people usually have passion and fire in their belly and they thrive on challenges and excitement. They like to create their own paths and find new ways to do things. Satisfaction comes from overcoming the numerous difficulties along the way, and achieving ever bigger and grander goals despite the obstacles.

managers based in various parts of China. Alongside 44 local managers, they run the group's 15 and ever growing number of colleges there.

Leading the team is Scott Chew (no relation to REC founder and CEO Chew Hua Seng) who, at 27, joined the then Raffles LaSalle in 1998 as the acting vice-dean/general manager of its Shanghai school. The Shanghai school had about 170 students then.

to Shanghai and other cities in China. And during the 1997/8 Asian financial crisis, he saw that China was almost immune to the slowdown and he was particularly impressed by the dynamism of Shanghai. So he resigned from the Hong Kong company and answered a recruitment ad by Raffles LaSalle to work in Shanghai. The rest, as they say, is history. Scott rose to become deputy chief executive, second to founder Mr Chew, in 2005.

"Mr Chew as chairman and CEO sets the pace and direction for the entire group. The REC culture is unique. Our managers are very passionate about our work, aggressive about sales and growth, and highly conscious of cost management and, very importantly, share the CEO's vision of what REC can do for the education industry in Asia-Pacific."

28 _ PULSES _ FEB 2008

Premier Education Provider

RafflesEducation*Corp* continues to focus on its core business of providing a full range of education services from K-12 to tertiary programmes. Backed by over two decades of expertise, good track record and the strong Raffles brand, RafflesEducation*Corp* is well positioned to tap on opportunities across the globe.

We are proud to have stepped beyond Asia-Pacific to Europe with our purchase of a hotel and commercial units in Switzerland. Activities to set up and promote the hospitality management school and design school in Switzerland have begun. We are optimistic of the prospects of this new education segment as not only is Switzerland a choice destination for tourism and hospitality education, we have the competitive advantage of being able to offer our students with opportunities to intern in a commercial hotel.

● *Oriental Institute of Technology, Langfang China*

● *Hotel 4 Valais and Spa, Nendaz, Switzerland*

Management of Education Assets and Facilities

The business of management of education assets and facilities is undertaken by Oriental University City Holdings (H.K.) Limited ("OUCHK"), a principal subsidiary of RafflesEducation*Corp* that is listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. Currently, all of the education assets and facilities that OUCHK manages are housed in a large campus in Hebei in the People's Republic of China ("PRC"). Leased to 10 third-party colleges in PRC with a student population of over 19,000, it provides the Group with recurring rental income.

In June 2015, OUCHK acquired a strategic stake in Axiom Properties Limited ("Axiom"), a property development and investment company that is listed on the Australian Stock Exchange. Axiom has recently diversified into student accommodation and provision of ancillary education facilities.

Education-Linked Real Estate Investment and Development

The acquisition of the Hotel 4 Valais in Nendaz, Switzerland, in addition to availing our students at the hospitality management school with internship opportunities, provides the Group with a stable stream of rental income. The Group is therefore keen and continually on the search for opportunities to acquire such assets.

In Closing

The organization is dynamic and continually morphing. At times, it had to take on challenges to start on the next level of ascent. The wealth of knowledge and experience gained in the last twenty-five years will enable RafflesEducation*Corp* to chalk new milestones. We thank our Shareholders, students, business partners, staff and all stakeholders for their trust and confidence in RafflesEducation*Corp*. We also acknowledge the guidance and wise counsel of our Board members.

We are delighted to announce that the Board has recommended a final one-tier tax exempt cash dividend of 1 cent per ordinary share to reward our loyal shareholders.

Mr Chew Hua Seng
Chairman and CEO

Siviez, Switzerland

FY2015 Financial Review

Group revenue for FY2015 was $119.9 million which excluded revenue from Langfang Oriental Institute of Technology ("LOIT") which had ceased to be consolidated since FY2015 Q1 due to equity interests swap arrangement in June 2014. Excluding $7.3 million of LOIT's revenue from the Group's revenue for FY2014, the revenue for FY2015 increased by $2.4 million.

Group net profit decreased 67% to S$19.4 million in FY2015 from S$58.3 million in FY2014. Net profit was higher in FY2014 due to contributions from the divestment of 490 mu of investment properties in OUC for a S$45.5 million gain before taxes recorded in the other operating income, and gain on disposal of 50% equity interest in Value Vantage Investment and Management (Hangzhou) Co., Ltd of S$30.4 million (net of taxes) recorded in the share of results of joint ventures. As a result, Earnings Per Share decreased to 1.68 cents from 5.40 cents. The Group's Net Asset Value reached 57.10 cents in FY2015 from 55.41 cents in FY2014. The Group's net gearing ratio was 0.54 times.

The current macroeconomic slow down, currency volatility and the impending global interest rate hike, have created new challenges in the markets the Group operates in.

Despite the challenging operating environment, increasing competition, higher labour costs and a more stringent regulatory environment, the Group will continue to streamline its operations and seek opportunities to achieve sustainable growth.

Board of Directors

1
Mr. Chew Hua Seng
Chairman and CEO

2
Mr. Henry Tan Song Kok
Lead Independent Director

3
Mr. Chew Kok Chor
Executive Director and Deputy CEO

4
Dr. Tan Chin Nam
Independent Director

5
Mr. Lim Tien Lock, Christopher
Independent Director

6
Mr. Teo Cheng Lok John
Independent Director

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 premier 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 graduated with a First Class Honours Degree in Accountancy from the National University of Singapore.

Mr Tan is a Fellow of the Institute of Singapore Chartered Accountants, Insolvency Practitioners Association of Singapore Ltd, The Australia and New Zealand Institute of Chartered Accountants, and Singapore Institute of Directors. He is a member of Institute of Internal Auditors, Inc (Singapore Chapter) and Singapore Institute of Accredited Tax Professional Limited. He also sits on the NTU Nanyang Business School Alumni Advisory Board. Mr Tan is a director of SGX-listed companies: YHI International Limited, Chosen Holdings Limited and China New Town Development Co Ltd, and of Ascendas Funds Management (S) Limited, the Manager of SGX-listed 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 is presently the Chairman of Temasek Management Services Pte Ltd and Global Fusion Capital Pte Ltd. He is concurrently Senior Adviser to Salim Group, ZANA Capital Pte. Ltd. and Litmus Group Pte. Ltd. Dr Tan is also a director of Yeo Hiap Seng Limited and Gallant Venture Ltd, both listed on the SGX. He is also a Member of the Board of Trustees of Bankinter's Foundation for Innovation (Spain) and a member of the Advisory Board of The Centre for Liveable Cities.

Dr Tan Chin Nam had 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.

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.

Dr Tan holds 4 Public Administration Medals of Singapore. He is an Eisenhower Fellow and was conferred the EDB Society Distinguished Fellow Award and the Eminent Alumnus Award conferred by the Australian Alumni Association of Singapore and the Australian Government.

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 Singapore Chartered Accountants, Institute of Certified Public Accountants in Australia and a member of the Chartered Management Institute, UK.

Mr Chew Kok Chor
Executive Director and Deputy CEO

Mr Chew Kok Chor joined RafflesEducation*Corp* in 1998 as Executive Vice-Dean for Raffles Design Institute (Shanghai), and was subsequently appointed 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 (Second Class Honours) in Mechanical & Production Engineering from the National University of Singapore and was an undergraduate 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.

Business Overview

RafflesEducation*Corp* is a premier education Group that is committed to providing quality education and related services through its network of institutions across the Asia-Pacific.

Our strategic goal is to nurture and groom skilled professionals through the transfer of industry-relevant knowledge and technical know-how to succeed in the globalised economy. The Group strives to provide a well-balanced education that encourages creative and critical thinking, thus allowing students to realise their potential and aspirations, while enjoying the learning process at our colleges.

Since its founding in 1990, RafflesEducation*Corp* has grown its portfolio from one college in Singapore to 30 institutions in 29 cities across 13 countries in the Asia-Pacific and Europe.

Our colleges offer a comprehensive range of internationally recognised programmes leading to Diploma, Advanced Diploma, Degree and Masters qualifications. The diagram below illustrates the structure of RafflesEducation*Corp*:

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

RafflesEducation*Corp*

Asia-Pacific	Indonesia	India	Middle East	China	Oriental University City	Europe	K-12
PES Colleges • Bangkok, Thailand • Kuala Lumpur, Malaysia • Manila, Philippines • Phnom Penh, Cambodia • Singapore • Sydney, Australia • Ulaanbaatar, Mongolia **Universities** • Colombo, Sri Lanka • Iskandar, Malaysia **RACE Training Centre** • Singapore	**PES Colleges** • Jakarta • Medan • Surabaya	**PES Colleges** • Bangalore • Chennai • Hyderabad • Mumbai • New Delhi **University** • Greater Noida	**PES Colleges** • Riyadh, Saudi Arabia	**PES Colleges** • Beijing • Guangzhou • Hong Kong • Shanghai **NES Colleges** • Hefei Wanbo College • Langfang Oriental Institute of Technology **PNES Colleges** • Changzhou **University** • Tianjin University of Commerce Boustead College	**PES Colleges** • 10 collaborative schools	**PES Colleges** • Nendaz, Switzerland	**Pre-Tertiary Education** • Gelin Kindergarten, Suzhou, China • Raffles American School Iskandar, Malaysia
9 Cities	**3 Cities**	**6 Cities**	**1 City**	**8 Cities**	**1 City**	**1 City**	**2 Cities**

• Raffles College of Higher Education, Singapore

Private Education Colleges

RafflesEducation*Corp*'s colleges under the Private Education System (“PES”) provide a range of Degree, Diploma and Certification programmes in various professional disciplines. They include Design, Information Technology, Business, Biomedical Sciences and Psychology. Courses are conducted in English by an international faculty.

Raffles Academy of Continuing Education (“RACE”), an institute of Raffles College of Higher Education, 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. Classes, conducted by subject-matter experts, are complete with practical sessions to enhance the learning experience at the Academy. As a programme partner of the Employment & Employability Institute (“e2i”) and the Workforce Development Agency (“WDA”) from the year 2012 to 2013, adult learners were supported and funded by both agencies to maximise their experiential learning with RACE. Given the strong enrollment at the launch of RACE's Professional Diplomas, these programmes are now available to all interested public.

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.

The 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 Oriental Institute of Technology in Oriental University, Langfang.

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 Bangalore, Chennai, Hyderabad, Mumbai and New Delhi, offering Advanced Diploma and Degree programmes.

Raffles Fashion Designers

Raffles Creative Practitioner

Raffles Product Designers

Raffles University System

RafflesEducation*Corp* is committed to providing quality education through its network of institutions in the 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.

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 enhanced the Group's footprint of university-level institutions.

Raffles Switzerland

Education Tourism

RafflesEducation*Corp*, being a progressive private education provider, understands that studying is no longer about getting good grades. It is about character development, acquiring social skills and building global network in this borderless society. There is also a growing popularity of gaining of knowledge, enriching of learning experience and honing of vocational skills outside of a classroom environment.

Being the largest private education provider in Asia Pacific, many students have already tapped on the inter-college transfer arrangement within Raffles' group of colleges to immerse themselves in a new cultural and social environment for added exposure. Not limiting our students to the Asia Pacific experience, RafflesEducation*Corp* set up Raffles Switzerland this year to facilitate the out-of-classroom learning opportunity in Europe.

Switzerland, synonymous to quality in areas of hospitality, luxury goods, and culinary, is an education haven for Raffles students to understand the importance of being detail-oriented, and developing the finesse in their designs or business ideas. Through Raffles Switzerland's two-week Immersion or three-month Enrichment Programmes, our students will acquire a new language like French or Italian, learn to be independent yet integrate into a global community, pick up a new hobby or sport, and visit neighbouring design and business hubs like Geneva, Paris, Milan, London, Frankfurt and Berlin etc to understand the design process and business operation of successful brands and companies and industry attachment.

Such overseas student exchange and industry attachment programmes, specifically designed for prospective and current Raffles students, will equip them with the necessary life skills in adapting to a new environment, creativity and resourcefulness to manage challenges in life and career, and designing their future for success! This is truly a Raffles' global advantage.

To enrich our current and new students' experience globally and build global network.

Strategy

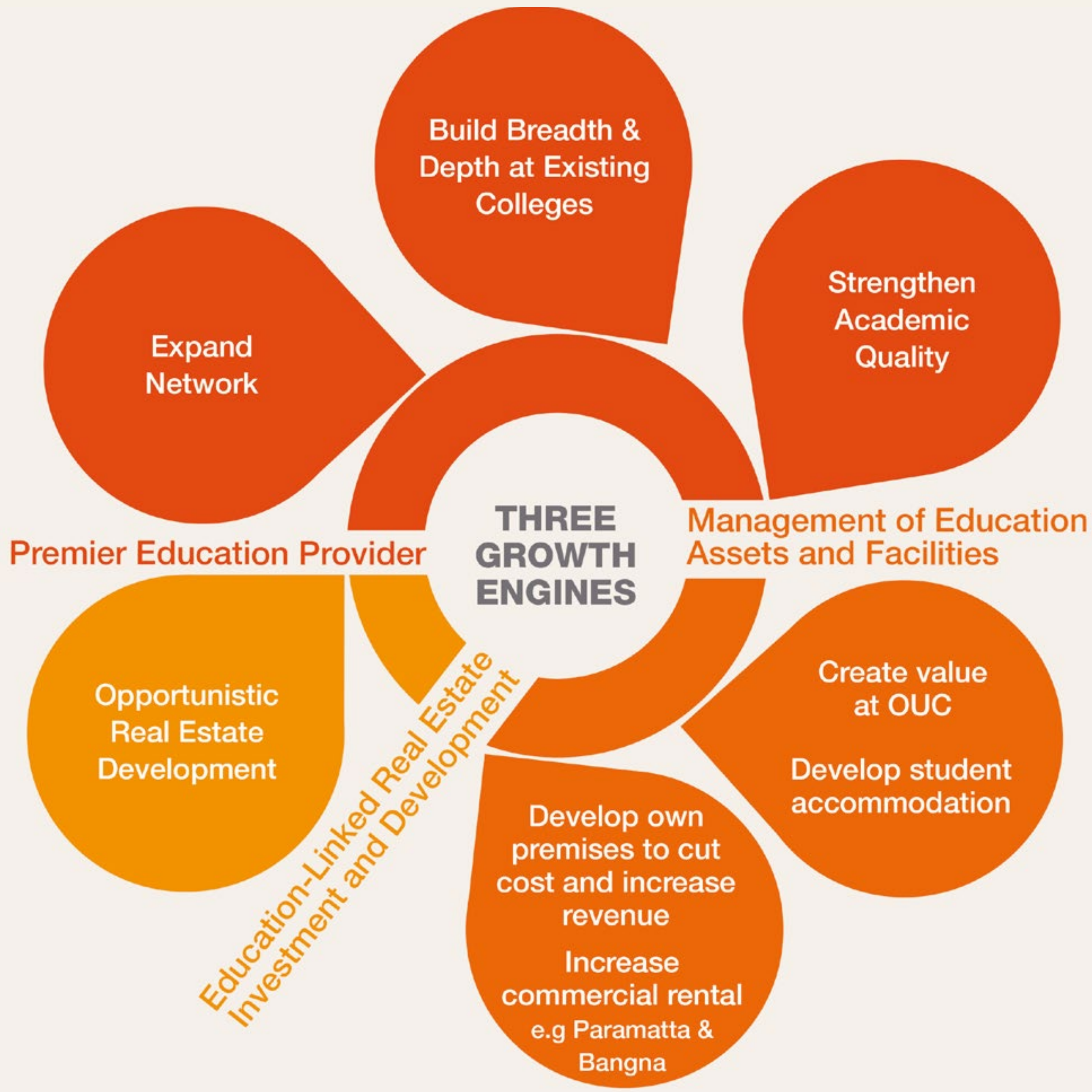
Our strategies are meant to make our education business truly ***enduring****.*

Today, RafflesEducation*Corp* is the largest premier education Group in the Asia-Pacific and Europe. Our journey to success did not happen by chance; it was a corporate journey crafted with great foresight and a well-designed roadmap that has taken the Group to where it is today.

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 the Asia-Pacific and Europe that can be realised for reinvestment into its education business.

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



Build Breadth and Depth of Existing Colleges

RafflesEducation*Corp* enjoys a reputation of quality education that focuses on practical training and academic excellence. As the largest premier education group in the Asia-Pacific and Europe, 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 breadth and depth of its existing colleges for greater growth.

• *Raffles University Iskandar, Malaysia* • *Raffles American School, Malaysia* • *Raffles College of Higher Education, Singapore*

Expand Network of Institutions

One of the unique advantages of 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.

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 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 a higher education provider to 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 Oriental 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 Quality

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 2015 to 12 June 2019. 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.

I DON'T
JUST EXECUTE

I DELIVER WITH
PASSION

RafflesEducation*Corp* 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.

Raffles
Wins

These awards recognise Raffles' continual commitment in grooming aspiring students into successful innovators and leaders of tomorrow and relentless pursuit of academic excellence in providing a quality education across our global network of institutions.

Outstanding Contribution to Fashion Education Award

Asian Couture Federation 2014

Mr Guiseppe (Joe) Spinelli, Principal of Raffles College of Higher Education, was awarded as one of the most respected personalities in fashion education and his remarkablecontributions were recognised at the most significant award by Asian Couture Federation in Asia.

Raffles Wins

These awards recognise Raffles' continual commitment in grooming aspiring students into successful innovators and leaders of tomorrow and relentless pursuit of academic excellence in providing a quality education across our global network of institutions.

International Star Award for Quality (Gold Category)

International Star Award Geneva 2014

Conferred by Business Initiative Directions in Geneva, Raffles was recognised for its commendable performance and commitment to Quality, Leadership, Technology and Innovation.

Raffles
Wins

These awards recognise Raffles' continual commitment in grooming aspiring students into successful innovators and leaders of tomorrow and relentless pursuit of academic excellence in providing a quality education across our global network of institutions.

Brand of the Year 2015 National Award

World Branding Award 2015

Conferred by World Branding Awards in Paris, Raffles was recognised as the very top brands that are household names among consumers and fans, locally and globally. Other notable global winners are such as Cartier, Gucci, Hermes, Prada, IKEA and Nike.

Raffles
Wins

These awards recognise Raffles' continual commitment in grooming aspiring students into successful innovators and leaders of tomorrow and relentless pursuit of academic excellence in providing a quality education across our global network of institutions.

Best Company for Leadership in Private Education in Asia Pacific

IAIR Corporate Award 2015

Conferred by IAIR Awards in Hong Kong, Raffles was among the top 50 companies to be recognised for its leadership in strategic fields across sectors such as Corporate, Property Sustainability and Finance in the Asia Pacific and worldwide.

Raffles Wins

NG Shi Ee, PHANG Shu Yi and LE Thanh Phuong
Ayam Brand 2014
Grand Winner (Brand Celebrates SG50)
Raffles Singapore

David RAPHAEL and Jamie LEE
The Park ELLE DECOR Student Contest Award 2015
Grand Winner (Lighting Category)
Raffles Mumbai

WONG Pin Wei
Malaysian International Jewellery Fair (MIJF) 2015
Best Necklace and Best in Show
Raffles Kuala Lumpur

Sagar SATAM
DesignOmics Award 2014
Silver (Product Design Category)
Raffles Mumbai

Raksha REDDY
MIJF Jewellery Design Awards 2014
Grand Winner (Necklace Category)
Raffles Singapore

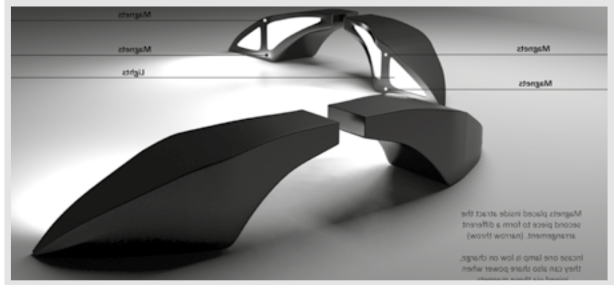
Nester MENDES
DesignOmics Award 2014
Silver (Product Design Category)
Raffles Mumbai

I DON'T JUST PARTICIPATE
I'M THE **SPOTLIGHT**

Raffles Wins

Sue SUH
MITTLEMODA Fashion Award 2015
Finalist
Raffles Hong Kong

Joe CHIA
Asia's Most Influential Designer Award 2014
Raffles Singapore



Daniel Ade CHRISTIANTO
Spatial Design Awards for Art and Design Institutions 2013/2014
Gold Award (Retail Category)
Silver Award (Hospitality Category)
Raffles Singapore

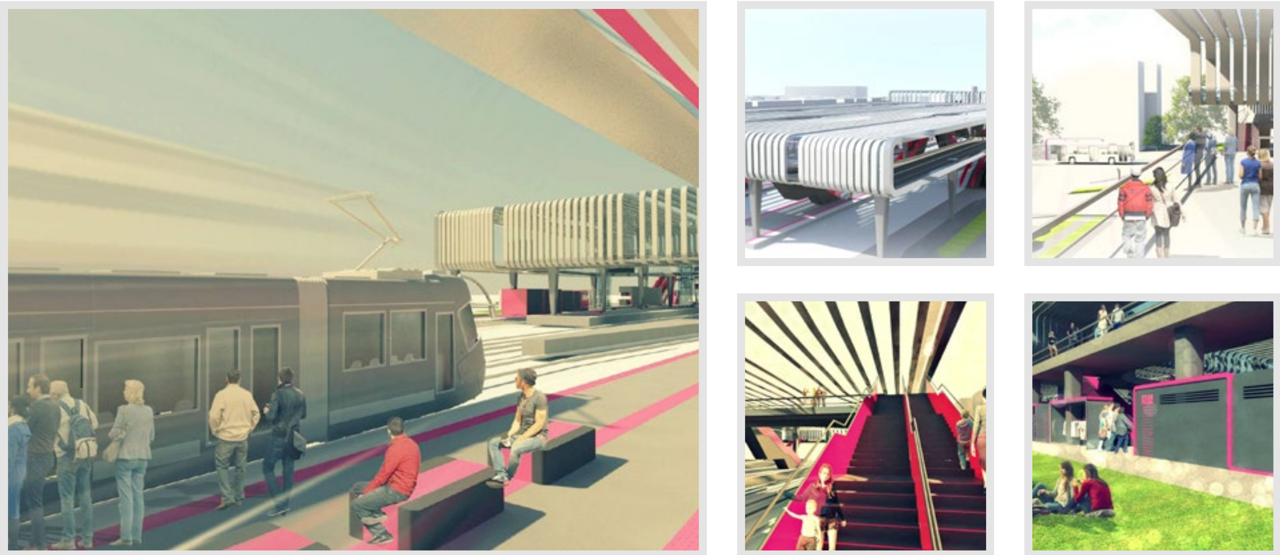
Aakash PATEL
DesignOmics Award 2014
Bronze (Product Design Category)
Raffles Mumbai

Dharmakeerthi Herath Mudiyanselage SAMAL BANDARA
Art With Impact Film Contest 2014
Grand Winner
Raffles Singapore

Ong Arief WIRANATA
Safety@Work Creative Awards 2014
Gold
Raffles Singapore

I DON'T JUST PARTICIPATE
I'M THE **SPOTLIGHT**

Raffles Wins



Durga Devi Smruti MATHISEKARAN
Taipei International Award 2014
Distinction (Public Space Category)
Raffles Mumbai

Irene ROBINSON
Kuala Lumpur Fashion Weekend - New Generation Fashion Awards 2014
Grand Winner (Degree Category)
Raffles Kuala Lumpur

Laurensia SALIM
The EcoChic Design Award 2015
Special Prize Winner (Fashion Category)
Raffles Singapore

Keyrin KASWIRA
Malaysia Print Awards 2014
Grand Winner (Food & Beverage Packaging Category)
Raffles Kuala Lumpur

I DON'T JUST PARTICIPATE
I'M THE **SPOTLIGHT**

Raffles Wins

Emerentia Wardoyo ONG
Frankfurt Style Award 2015
1st Runner-up
Raffles Singapore

MAI Takaemori
Crowne Plaza Dressed to Rest Design Contest
Grand Winner
Raffles Singapore

Raffles Students Speak

"I am grateful to my lecturers, Professor Giuseppe (Joe) Spinelli, Principal and Programme Director of Fashion Design and Brian William Forst, Senior Lecturer in Fashion Design, for making this happen. They have constantly provided me with encouragement, good teaching and sound advice throughout the course."

Ace CHIA

Raffles College of Higher Education, Singapore
Bachelor of Design with major in Fashion Design,
Class of 2011

"Raffles was my first choice when I started to pursue a higher education. I was intrigued by the talents of Raffles Designers and the recognition they received. I began my Advanced Diploma in Raffles Kuala Lumpur, and Singapore was naturally the next step for my Degree course.

Professor Spinelli has tirelessly given me guidance, advice and changed my whole aspect on my learning, and for that I am forever grateful.

I have met many people throughout my time in Raffles. Collaborating with other Raffles students of different disciplines have been an eye-opener for me as I get to experience a merge of creativity and a constant flow of amazing ideas."

Iven TEH

Raffles College of Higher Education, Singapore
Bachelor of Design with major in Fashion Design,
Class of 2014

Raffles Students Speak

"Raffles has prepared me for professional and leadership roles in communication design. The college developed my potential to become a more thoughtful professional, capable of confidently leading a team, working as an individual and providing informed insight into my career path.

My art director and creative director have always praised Raffles Students for their high level of creative thinking, software skills and speed. This make me feel really proud to be a Raffles Alumni and I am thankful to all my lectures."

Joanne LEE May Teng
Raffles College of Higher Education, Singapore
Bachelor of Design with major in Graphic Design,
Class of 2012

"It has been a great experience for me studying in Raffles Singapore. The college had been my second-home for this past 2 years. I am very honoured to receive this Top Student Award and to have my works and abilities recognised in this way. I believe this will be a good platform for me to boost my self-confidence in pursuing my creative career. I would like to thank my family, lecturers, friends and everybody who had helped me in this learning experience. "

Winnie LESTARI
Raffles College of Higher Education, Singapore
Bachelor of Design with major in Jewellery Design,
Class of 2009

Design to me is the conformation of art with functionality. The deep rooted fundamental idea and approach to design was inculcated in me during my study at Raffles. The broad perspective and individual ways of work of each international faculty gave me an insight to design in a holistic way which has honed my thinking as a designer.

Raffles has helped me develop a skill set of designing using structure, material, form and function. To add to this, the interaction with professors and method of work adopted has made me open to innovation and pushing my boundaries further from the conventional design choices and trends.

I have worked with two acclaimed architects and have my own practice since 3 years ago which I have worked on high end residential as well as creatively challenging commercial projects. This year, my work has been featured in over 4 publications including the Architectural Digest, India. As this profession is referral based, each project has to be designed better than the last. Every new site is a blank slate from which we conceptualize and draw inspiration from the basic principals inscribed within us. I would owe the credit of my success to Raffles and the immensely talented faculty who I had the privilege to imbibe from.

Jannat VASI
Raffles Design International, Mumbai
Bachelor of Design with major in Interior Design,
Class of 2011

"My aspiration as an Entrepreneur materialized because of my studies at Raffles. My lecturers have completely supported me to set-up my own business. Raffles really helped me to gain needed skills through the materials provided in class. Lecturers have provided activities that were suitable for my career such as the Leadership Camp."

Felix YUWONO
Raffles College of Higher Education, Singapore
Bachelor of Commerce with major in Management,
Class of 2012

Raffles Students Speak

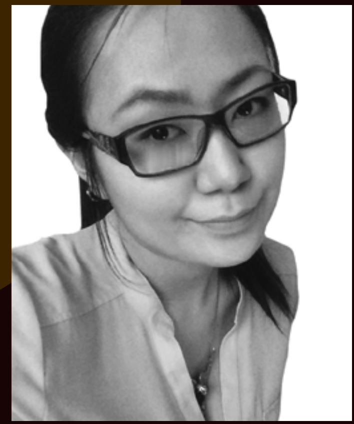
"The modules Raffles have provided simulates to the actual working industry. What we have learned can easily be applied to our job. Life is not a bed of roses, there are bound to be obstacles in work and passion is the key to keep you going."

Robin HOONG
Raffles College of Higher Education, Singapore
Advanced Diploma in Interior Design,
Class of 2004

Since being first spotted in Hong Kong Fashion Week 2014 by a panel of A-list judges from DKNY, H&M, Moiselle and Brilliant Global LTD at Raffles Hong Kong's House Show, Sue Suh with her label : 8CUFF went on to receive global acclaim; exhibited at Paris Fashion Week, featured in Vogue Italia's Talents 2014, awarded the Silver Award at the International Design Awards in Los Angeles and was selected as a finalist at the Mittelmoda Fashion Award in Italy against 14,320 entries from 647 schools across 66 countries. "Studying in Raffles Hong Kong helped me be a fashion designer today. Raffles Hong Kong student's level was quite high and they were highly competitive, which motivated me.

The Programme Director, Stefán Orschel-Read, never judged or scolded me for what I did not know, and always took his time to teach me even with basic questions. When I struggled with developing my inspiration, we sat down and he guided me in which direction I should go, and how I should think about my inspirations. By the end of the day, all the classmates had very unique and different inspirations proper to themselves. I got hired in I.T. HK right after graduation, and when I started to work, I could easily put into practice what I learned."

Sue SUH
Raffles School of Continuing Education, Hong Kong
Bachelor of Design with major in Fashion Design,
Class of 2014



I found my passion in drawing and designing at Raffles International Institute. I have researched other design universities and this one was by far the most efficient and most practical. The lessons in the school are applicable to designing in real life. Main focus is that the courses are taught in English with foreign lecturers, widening us with various cultural viewpoints as well as improving our English. Pursuing my dreams I have studied with joy, and have been on the dean's list the whole time. Being on the dean's list has also given me the opportunity to work with a German company during my studies. True there were challenges, but applying what I learned at school was easier and relevant. I have worked on university library, hotel, and the best on Porsche workshop. I have gained networking skills by becoming involved in the design industry, which brought me number of opportunities, offers from cashmere companies to fitness centers. Through internship and industrial projects, these experiences prepare us for the work force.

I am fully grateful for the opportunities the school and its faculties has given me and I am proud to say none will regret that they have chosen Raffles to pursue their career as well as me.

Solongo LKHAGVASUREN
Raffles International Institute, Mongolia
Advanced Diploma in Interior Design,
Class of 2015

Ever since I was a child I've had an overwhelming desire to become a fashion designer. It was upon a recommendation in 2008 that I visited Raffles in Singapore, and to my amazement, my eyes lit up like a child in a candy store. After seeing what could be offered to give me direction to achieve my dream, I had a strong determination to study at Raffles Surabaya and finally secured my enrollment last year.

In a short span of time I have been able to achieve making my creative ideas into beautiful fashionable garments which is a valuable lifetime skill that I will use and cherish. My theoretical and practical skills have improved dramatically over the last year under the excellent guidance and knowledgeable Raffles lecturers who marvel in their own areas of expertise that explores and extends the boundaries of craftsmanship and personal discipline. My dream has always been to run my own label, and with the fashion design skills I have learnt at Raffles, the reality of that dream is getting closer and closer.

Naomi Tirza ROLENSIA
Raffles Institute of Higher Education, Surabaya
Advanced Diploma in Fashion Design,
Class of 2014

Raffles Students Speak

"I think it is recognition of two years of my hard work winning this Top Student Award for Fashion Marketing. The Creative Practitioners were extremely helpful and were very patient with me and my team. They also provided us with a lot of real-world experiences, especially their own."

Edwin TEO
Raffles College of Higher Education, Singapore
Advanced Diploma in Fashion Marketing and Management,
Class of 2013

I was a sixteen year old girl who came out of school and walked straight into Raffles Design International with the desperate attempt of chasing my dreams and pursuing a career in a rapidly moving industry like fashion.

Raffles Design International Mumbai, helped me sustain the fire and desire to design and create. Fashion to me is not only something you can just wear or carry, it is also a beautiful form of art. None of my interpretations would turn out the way they are without the help of my faculty and the most comforting learning environment they created each time I was working with them. Raffles Design International as a whole, successfully motivated me and pushed my buttons to an extent where now I don't even consider 'giving up' as a convenient option. Being a nineteen year old today, I feel proud of my experiences and achievements. None of this would've been possible without Raffles. I will always be thankful for all the support.

Tasneem KALANIYA
Raffles Design International, Mumbai
Bachelor of Design with major in Fashion Design,
Class of 2015

My experience in Raffles University Iskandar taught me valuable knowledge and skills making me prepared to face the responsibilities of being a web designer in an international law firm. The university's great reputation definitely plays a great role to the success of my future career. I would like to thank my lecturers, Mr Alex Tan WK and Dr. Ronnie Danial Rozario who are brilliant and excellent lecturers. They are very inspiring and helpful. Besides focusing on what is important, they are very project-oriented and allowed me to perform better when it comes to projects.

Life at Raffles University Iskandar brought me valuable experience, learned the significance of hard work and determination. The university conducted a lot of activities involving us, which aim to help students, and lecturers provide feedback and motivation, which aren't found in many other schools. This school in my view has the keys to success and provides wide arrays of programmes to choose from. My experience in Raffles University Iskandar was definitely an unforgettable and glorious one. It is one of the best decisions I have ever made. I am grateful and proud to be a Raffles University Iskandar graduate.

Yoganantini RAJA KUMAR
Raffles University Iskandar, Johor Bahru
Bachelor of Design with major in Multimedia Design (Honours),
Class of 2015

Raffles has been a roller coaster ride for me. I began as a timid high school boy and transformed into a confident, industry-ready designer. The lecturers are more of my friends and helped me communicate better and grasp more than I ever imagined.

The college and the environment are so welcoming that the cleaners literally had to beg us to leave every day. Not one day came when I wished to bunk any of my classes. The lectures are so engaging that they leave you wanting for more and more. It has been one of the best decisions to join Raffles Design International, Mumbai.

Simran Kumar PURI
Raffles Design International, Mumbai
Bachelor of Design with major in Multimedia Design,
Class of 2015

Raffles Students Speak

"It has always been my passion to be an Interior Designer, but then as I progressed in Raffles, they guided me to turn this passion into something I'm proud of. As I move forward in the course, they guided me through these two years; I found out that I could contribute something to the society through interior design."

Ferdy CHENG Budha Gautama
Raffles College of Higher Education, Singapore
Advanced Diploma in Interior Design,
Class of 2013

"I never expected to win the Top Student Award, so it came to me as a surprise. Raffles has helped me grow and expand my skills. My advices to other students are just go for it, work hard, maintain their stress levels, and do what they want to do, and achieve what they have come out to achieve."

Sengupta SHAKUNTALA
Raffles College of Higher Education, Singapore
Advanced Diploma in Multimedia Design,
Class of 2013

Corporate Governance Statement

The Board of Directors of Raffles Education Corporation Limited (the "Company", and together with its subsidiaries, the "Group") 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 2012 (the "Code") and are continually being reviewed for relevance and effectiveness by reference to the legal and regulatory environment in which the Group operates. We confirm that the Group has complied with the provisions of the Code during the financial year ended 30 June 2015. 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.
- Ensuring the adequacy and integrity of the 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. However, the ultimate responsibility and decision on all matters still lies with the Board. The Board is assisted by four committees, namely, the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee, each constituted 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 Board Committees

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 committees' 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 meetings of the Board and Board Committees held in the financial year ended 30 June 2015 are as follows:

	Board	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management Committee
No. of meetings held	4	4	2	2	1
No. of meetings attended by respective Directors					
Mr Chew Hua Seng	4	4*	2	1*	1*
Mr Henry Tan Song Kok	4	4	1*	1*	N.A.
Dr Tan Chin Nam	4	4*	2	2	1
Mr Teo Cheng Lok John	4	4	1*	2	1
Mr Lim Tien Lock, Christopher	4	4	2	2	1
Mr Chew Kok Chor	3	3*	1*	1*	N.A.

* 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.

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 under the relevant Singapore laws, and how to discharge those duties. Members of the Board are also updated regularly on key accounting and regulatory changes.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

Independence of Judgement

The present Board comprises of six members who are business leaders and professionals with financial backgrounds. There are among them four non-executive and independent, and two 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	27 October 2014
Dr Tan Chin Nam	Independent Director Chairman of Nomination Committee Member of Remuneration and Risk Management Committees	24 October 2008	29 October 2013
Mr Teo Cheng Lok John	Independent Director Chairman of Remuneration Committee Member of Audit and Risk Management Committees	24 October 2008	29 October 2013
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	27 October 2014

Mr Henry Tan Song Kok has served as a director of the Company for over 15 years but is regarded as independent as he is capable of exercising objective judgment on corporate affairs of the Group, independent of management.

Corporate Governance Statement

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 Board committees 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 directors 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 the 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 that information provided is adequate.
- Ensuring sufficient allocation of time for members of the Board 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.

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 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.
- Maintaining a process for evaluating the performance of the Board, Board committees and the directors.
- Conducting an annual evaluation on the performance of the Board, 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, 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, experience 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 Board committees' meetings and ensures that applicable rules, 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)
2. Mr Lim Tien Lock, Christopher (Independent Director)
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, 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 Chief Executive Officer'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 Chief Executive Officer 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, 2014. The RC had reviewed and approved the aforementioned service agreement in FY2014, and was of the opinion that there are no excessively long or onerous removal clauses in the service agreement.

During the year, the Remuneration Committee undertook the review of the CEO's remuneration with the help of independent consultants, Hay Group. After reviewing Hay Group's report and after taking into consideration the Company's profile, the Remuneration Committee proposed a revision of the CEO's remuneration package which was approved by the Board on 27 August 2015. The new remuneration package becomes effective starting from the new financial year commencing 1 July 2015.

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 2015 in bands of S$250,000 is set out below:

Name of Director	Fees %	Salary %	Others %	Total %
Between S$1.75 million to S$2 million				
Mr Chew Hua Seng	-	47	53	100
Between S$500,001 to S$750,000				
Mr Chew Kok Chor	-	100	-	100
Name of Director	Fees %	Salary %	Others %	Total %
Below S$250,000				
Mr Henry Tan Song Kok	100	-	-	100
Dr Tan Chin Nam	100	-	-	100
Mr Teo Cheng Lok John	100	-	-	100
Mr Lim Tien Lock, Christopher	100	-	-	100

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.

Ms Doris Chung Gim Lian, spouse of CEO, received remuneration of between S$250,000 to S$300,000 for the year ended 30 June 2015 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 three members which are all 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)

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 reinforced 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 2015:

(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.

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 2015 to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations.

Corporate Governance Statement

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 S$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 controls system 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 controls 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.

III. 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 results and information on new initiatives are published through the SGXNET. 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.

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.

Corporate Governance Statement

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 2015 and the statement of financial position of the Company as at 30 June 2015.

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

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, Chapter 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	330,435,853	330,845,853	26,187,046	26,187,046
Henry Tan Song Kok	818,089	818,089	208,036	208,036
Teo Cheng Lok John	278,125	278,125	-	-
Chew Kok Chor	588,465	588,465	-	-

Report of the Directors

3. Directors' interests in shares or debentures (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
(a) *Interests in Raffles Education Corporation Limited* (Continued)				
	Number of options to subscribe for ordinary shares			
Henry Tan Song Kok	208,666	142,000	-	-
Teo Cheng Lok John	208,666	142,000	-	-
Lim Tien Lock, Christopher	208,666	142,000	-	-
Tan Chin Nam	208,666	142,000	-	-
Chew Kok Chor	869,999	869,999	-	-
(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 2015 in the shares of the Company have not changed from those disclosed as at 30 June 2015, except for Chew Hua Seng's direct interest in the Company becoming 330,895,853.

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 2015 were as follows:

Date of grant	At 1 July 2014 ('000)	Exercised ('000)	Expired/ cancelled ('000)	Balance as at 30 June 2015 ('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	46	-	-	46	2.4450	23 November 2007 to 22 November 2016
31 January 2008	204	-	-	204	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 2014 ('000)	Exercised ('000)	Expired/ cancelled ('000)	Balance as at 30 June 2015 ('000)	Subscription price $	Exercise period
REC Scheme (Continued)						
2 February 2009	451	-	-	451	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	501	-	-	501	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	927	-	-	927	0.8100	24 March 2012 to 23 March 2021
2 September 2011	300	-	-	300	0.4620	2 September 2012 to 1 September 2016
	3,147	-	(287)	2,860		

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 2015 ('000)	Aggregate options granted since the commencement of the Schemes to 30 June 2015 ('000)	Aggregate options exercised/ cancelled since the commencement of the Schemes to 30 June 2015 ('000)	Aggregate options outstanding as at 30 June 2015 ('000)
Chew Hua Seng	-	1,500	(1,500)	-
Henry Tan Song Kok	-	632	(490)	142
Lim Tien Lock, Christopher	-	209	(67)	142
Tan Chin Nam	-	209	(67)	142
Teo Cheng Lok John	-	209	(67)	142
Chew Kok Chor	-	1,117	(247)	870
Doris Chung Gim Lian*	-	300	(300)	-
	-	4,176	(2,738)	1,438

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

Report of the Directors

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.

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 2015, 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
17 September 2015

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, Chapter 50 and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and of the financial performance, 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
17 September 2015

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 2015, and the consolidated statement of 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 82 to 179.

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, Chapter 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 financial statements 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 financial position of the Group and of the Company as at 30 June 2015 and of the financial performance, 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 subsidiary corporations incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
17 September 2015

Statements of Financial Position

As at 30 June 2015

	Note	Group 2015 $'000	Group 2014 (Restated) $'000	Group 2013 (Restated) $'000	Company 2015 $'000	Company 2014 $'000
Non-current assets						
Property, plant and equipment	4	324,884	290,157	294,268	-	-
Investment properties	5	416,387	301,943	368,006	-	-
Investments in subsidiaries	6	-	-	-	426,581	426,549
Investments in joint ventures	7	67,863	66,828	32,713	-	-
Investments in associates	8	1,396	1,432	1,304	-	-
Available-for-sale financial assets	9	4,523	610	616	-	-
Intangible assets	10	114,450	115,755	117,095	112	128
Deferred tax assets	15	1,099	755	857	-	-
Other receivables	11	10,970	10,160	-	22,974	4,854
Restricted bank balances	12	2,890	-	-	-	-
		944,462	787,640	814,859	449,667	431,531
Current assets						
Inventories		118	119	109	-	-
Trade and other receivables	11	241,598	247,752	145,011	308,311	272,756
Cash and bank balances	12	80,904	58,061	69,802	14,121	1,099
		322,620	305,932	214,922	322,432	273,855
Assets classified as held for sale		-	-	41,101	-	-
		322,620	305,932	256,023	322,432	273,855
Less:						
Current liabilities						
Trade and other payables	13	84,360	91,884	123,256	105,463	102,361
Income tax payable		72,501	76,966	50,424	265	265
Borrowings	14	266,095	81,280	47,736	190,632	74,800
		422,956	250,130	221,416	296,360	177,426
Net current (liabilities)/assets		(100,336)	55,802	34,607	26,072	96,429
Less:						
Non-current liabilities						
Trade and other payables	13	42,105	46,003	46,363	-	-
Borrowings	14	124,472	184,411	178,517	78,960	128,508
Deferred tax liabilities	15	18,174	9,743	21,289	-	-
		184,751	240,157	246,169	78,960	128,508
Net assets		659,375	603,285	603,297	396,779	399,452
Equity						
Share capital	16	481,785	481,785	481,785	481,785	481,785
Treasury shares	17	(32,730)	(24,065)	(21,383)	(32,730)	(24,065)
Accumulated profits/(losses) and other reserves	18	116,941	105,975	94,016	(52,276)	(58,268)
Equity attributable to equity holders of the Company		565,996	563,695	554,418	396,779	399,452
Non-controlling interests		93,379	39,590	48,879	-	-
Total equity		659,375	603,285	603,297	396,779	399,452

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 30 June 2015

	Note	2015 $'000	2014 (Restated) $'000
Continuing operations			
Revenue	19	119,895	124,839
Other operating income	20	7,914	60,145
Personnel expenses	21	(45,605)	(55,908)
Depreciation and amortisation expenses		(11,040)	(14,307)
Other operating expenses		(59,353)	(60,402)
Fair value gain on investment properties, net	5	23,031	7,331
Finance costs	22	(13,456)	(11,833)
Share of results of joint ventures		901	30,116
Share of results of associates		52	128
Profit before income tax from continuing operations	23	22,339	80,109
Income tax expense	24	(2,968)	(21,608)
Profit after income tax from continuing operations		19,371	58,501
Discontinued operations			
Loss after income tax from discontinued operations	25	-	(237)
Net profit for the financial year		19,371	58,264
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	5	-	5,631
Items that may be reclassified subsequently to profit or loss:			
Currency exchange differences arising on translating foreign operations		38,423	(6,134)
Total comprehensive income for the financial year		57,794	57,761
Attributable to:			
Equity holders of the Company		16,983	55,374
Non-controlling interests		2,388	2,890
Net profit for the financial year		19,371	58,264
Attributable to:			
Equity holders of the Company		51,411	54,541
Non-controlling interests		6,383	3,220
Total comprehensive income for the financial year		57,794	57,761
Earnings/(loss) per share (cents)			
Basic earnings/(loss) per share			
Continuing operations	26	1.68	5.43
Discontinued operations	26	-	(0.03)
		1.68	5.40
Diluted earnings/(loss) per share			
Continuing operations	26	1.68	5.43
Discontinued operations	26	-	(0.03)
		1.68	5.40

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2015

	Note	Share capital $'000	Treasury shares $'000	Revaluation reserve (Note 18) $'000	Foreign currency translation reserve (Note 18) $'000	Share-based payments reserve (Note 18) $'000	Accumulated profits $'000	Total $'000	Non–controlling interests $'000	Total equity $'000
		← Attributable to equity holders of the Company →								
Group										
Balance at 1 July 2014		481,785	(24,065)	7,181	(14,791)	2,453	111,132	563,695	39,590	603,285
Total comprehensive income		-	-	-	34,428	-	16,983	51,411	6,383	57,794
Repurchase of shares	17	-	(8,665)	-	-	-	-	(8,665)	-	(8,665)
Dividends	27	-	-	-	-	-	(10,162)	(10,162)	(37)	(10,199)
Change of ownership interest without loss of control	6	-	-	(195)	(1,778)	-	(28,310)	(30,283)	47,443	17,160
Balance at 30 June 2015		481,785	(32,730)	6,986	17,859	2,453	89,643	565,996	93,379	659,375

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2015

	Note	Share capital $'000	Treasury shares $'000	Revaluation reserve (Note 18) $'000	Foreign currency translation reserve (Note 18) $'000	Share-based payments reserve (Note 18) $'000	Accumulated profits $'000	Total $'000	Non–controlling interests $'000	Total equity $'000
		← Attributable to equity holders of the Company →								
Group										
Balance at 1 July 2013		481,785	(21,383)	1,255	(9,135)	2,453	99,443	554,418	48,879	603,297
Total comprehensive income		-	-	4,710	(5,543)	-	55,374	54,541	3,220	57,761
Repurchase of shares	17	-	(2,682)	-	-	-	-	(2,682)	-	(2,682)
Acquisition of additional interest in joint venture		-	-	-	-	-	(2,813)	(2,813)	-	(2,813)
Acquisition of non-controlling interest in a subsidiary		-	-	576	(156)	-	(25,641)	(25,221)	(29,855)	(55,076)
Swap of equity interest in certain subsidiaries with non-controlling interest		-	-	640	(126)	-	(15,231)	(14,717)	17,346	2,629
Disposal of interest in a joint venture		-	-	-	169	-	-	169	-	169
Balance at 30 June 2014		481,785	(24,065)	7,181	(14,791)	2,453	111,132	563,695	39,590	603,285

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

For the financial year ended 30 June 2015

	Note	Share capital $'000	Treasury shares $'000	Share-based payments reserve (Note 18) $'000	Accumulated losses $'000	Total equity $'000
Company						
Balance at 1 July 2014		481,785	(24,065)	2,453	(60,721)	399,452
Total comprehensive income		-	-	-	16,154	16,154
Dividends	27	-	-	-	(10,162)	(10,162)
Repurchase of shares	17	-	(8,665)	-	-	(8,665)
Balance at 30 June 2015		481,785	(32,730)	2,453	(54,729)	396,779
Balance at 1 July 2013		481,785	(21,383)	2,453	(77,340)	385,515
Total comprehensive income		-	-	-	16,619	16,619
Repurchase of shares	17	-	(2,682)	-	-	(2,682)
Balance at 30 June 2014		481,785	(24,065)	2,453	(60,721)	399,452

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2015

	Note	2015 $'000	2014 (Restated) $'000
Operating activities			
Profit before income tax from continuing operations		22,339	80,109
Loss before income tax from discontinued operations	25	-	(237)
		22,339	79,872
Adjustments for:			
Depreciation for property, plant and equipment	4	9,766	12,572
Fair value gain on investment properties, net	5	(23,031)	(7,331)
Gain on disposal of investment properties		-	(45,460)
Allowance for doubtful trade receivables	11	180	18
Reversal of allowance for doubtful trade receivables	11	-	(54)
Amortisation of intangible assets	10	1,274	1,735
Bad trade receivables written off	23	203	263
Compensation income	20	-	(4,065)
Interest expense	22	13,456	11,833
Interest income	20	(1,241)	(1,554)
(Gain)/loss on disposal of property, plant and equipment, net	23	(19)	231
Property, plant and equipment written off	23	4	2
Share of results of joint ventures		(901)	(30,116)
Share of results of associates		(52)	(128)
Operating profit before working capital changes		21,978	17,818
Working capital changes:			
Inventories		1	(10)
Trade and other receivables		(2,802)	11,084
Course fees and education service deferred income		(1,505)	451
Trade and other payables		3,639	(4,093)
Cash generated from operations		21,311	25,250
Interest paid		(12,572)	(10,715)
Interest received		1,241	1,554
Income and withholding tax paid, net		(5,813)	(3,213)
Net cash generated from operating activities		4,167	12,876

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2015

	Note	2015 $'000	2014 (Restated) $'000
Investing activities			
Additions of development costs and computer software	10	(1)	(52)
Additions of trademarks	10	(1)	(366)
Acquisition of subsidiaries, net of cash acquired	29	-	(4,774)
Advance payment for development cost of new projects		-	(16,136)
Payment for property, plant and equipment	A	(55,738)	(19,848)
Acquisitions of investment properties	B	(71,269)	(1,960)
Capital contributions to joint ventures		-	(2,011)
Cash proceeds from disposals of interest in former subsidiary		16,616	-
Deposit for acquisition of additional shares in joint venture		(2,401)	-
Proceeds from disposal of property, plant and equipment		118	92
Proceeds from disposal of investment properties	C	22,418	77,382
Purchases of available-for-sale financial assets		(3,761)	-
Payment of remaining purchase consideration for acquisition of subsidiary		(203)	-
Dividends received from associate		88	-
Net cash (used in)/generated from investing activities		(94,134)	32,327
Financing activities			
Increase in restricted bank balances pledged		(2,890)	-
Investment in subsidiary by non-controlling interest		17,160	-
Net payment for repurchase of shares	17	(8,665)	(2,682)
Net proceeds from issue of medium term notes		29,595	-
Drawdown of bank borrowings		99,752	131,928
Repayment of bank borrowings		(15,837)	(104,465)
Acquisition of equity interest from non-controlling interest		-	(81,273)
Net cash outflows arising from equity swap with non-controlling interests		-	(1,338)
Dividends payments to equity holders of the Company		(10,162)	-
Dividends payments to non-controlling interests		(37)	-
Net cash generated from/(used in) financing activities		108,916	(57,830)
Net change in cash and cash equivalents		18,949	(12,627)
Cash and cash equivalents at beginning of financial year		58,061	69,802
Effect of exchange rate changes in cash and cash equivalents		3,894	886
Cash and cash equivalents at end of financial year	12	80,904	58,061

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2015

	Note	2015 $'000	2014 (Restated) $'000
Note A			
Additions of property, plant and equipment	4	47,645	21,197
Decrease/(increase) in other payables in relation to property, plant and equipment		5,480	(1,156)
Increase/(decrease) in prepayments in relation to property, plant and equipment		2,613	(193)
Payment for property, plant and equipment per consolidated statement of cash flows		55,738	19,848
Note B			
Additions of investment properties	5	69,322	1,960
Increase in prepayments in relation to investment properties		1,947	-
Additions of investment properties per consolidated statement of cash flows		71,269	1,960
Note C			
Gain on disposal of investment properties		-	(45,460)
Disposal of investment properties	5	-	(98,250)
Decrease in other payables in relation to investment properties		-	12,228
(Decrease)/increase in other receivables in relation to disposal of investment properties		(22,418)	54,100
Proceeds from disposal of investment properties per consolidated statement of cash flows		(22,418)	(77,382)

The accompanying notes form an integral part of these financial statements.

1. General corporate information

Raffles Education Corporation Limited (the "Company") is incorporated and domiciled in the Republic of Singapore (Registration Number: 199400712N), and its registered office and principal place of business at 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 business and management consultancy 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 2015 were authorised for issue by the Board of Directors of the Company on 17 September 2015.

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, Chapter 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.

For the financial year ended 30 June 2015, the Group's current liabilities exceeded its current assets by approximately $100.3 million. The Directors are of the opinion that based on the Group's operational cash flows and support from bankers and creditors, including the availability of $500 million Multicurrency Medium Term Note Programme, the use of going concern basis in the preparation and presentation of the Group's financial statement is appropriate.

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 2014, 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:

FRS 110 Consolidated Financial Statements and FRS 27 (Revised) Separate Financial Statements

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12, Consolidation – Special Purpose Entities. FRS 110 defines the principle of control and establishes a new control model as the basis for determining which entities are consolidated in the consolidated financial statements. The revised FRS 27 was amended to address accounting for subsidiaries, joint controlled entities and associates in the separate financial statements.

The Group has applied FRS 110 retrospectively, in accordance with the transitional provisions of FRS 110 and changed its accounting policy for determining whether it has control over an entity and whether it is required to consolidate that interest. The adoption of FRS 110 did not result in any changes to the control conclusions reached by the Group in respect of its involvement with other entities as at the date of initial adoption on 1 July 2014. The adoption of FRS 27 (Revised) did not result in any material changes to the Group's or the Company's financial statements.

FRS 111 Joint Arrangements and FRS 28 (Revised) Investments in Associates and Joint Ventures

On 1 July 2014, the Group adopted the FRS 111 – Joint Arrangements and FRS 28 (Revised) - Investments in Associates and Joint Ventures that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the FRS.

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.

The Group previously proportionate consolidated the joint ventures. The Group has applied FRS 111 retrospectively and will recognised its investment in joint ventures using the equity method, resulting in aggregation of the group's proportionate share of the joint ventures' net assets and items of profit and loss into a single line item which will be presented in the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income as "investment in joint ventures" and "share of results of joint ventures" respectively. There is no effect to the "Equity attributable to equity holders of the Company" and "Net profit and Total comprehensive income attributable to the equity holders of the Company".

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS 111 Joint Arrangements and FRS 28 (Revised) Investments in Associates and Joint Ventures (Continued)

The change in accounting policy has been applied retrospectively and comparatives have been restated accordingly. The effects on the change in accounting policy on the prior periods are as follows:

Effects on consolidated statement of financial position

	As previously reported $'000	Change in accounting policy $'000	As restated $'000
The Group			
1 July 2013			
Non-current assets			
Property, plant and equipment	304,417	(10,149)	294,268
Investment in joint ventures	-	32,713	32,713
Intangible assets	129,037	(11,942)	117,095
Other non-current assets	370,783	-	370,783
	804,237	10,622	814,859
Current assets			
Inventories	109	-	109
Trade and other receivables	151,741	(6,730)	145,011
Cash and bank balances	70,895	(1,093)	69,802
	222,745	(7,823)	214,922
Assets classified as held for sale	41,101	-	41,101
	263,846	(7,823)	256,023
Less:			
Current liabilities			
Trade and other payables	120,395	2,861	123,256
Income tax payable	50,486	(62)	50,424
Borrowings	47,736	-	47,736
	218,617	2,799	221,416
Net current assets	45,229	(10,622)	34,607
Less:			
Non-current liabilities			
Other non-current liabilities	246,169	-	246,169
	246,169	-	246,169
Net assets	603,297	-	603,297

Notes to the Financial Statements
For the financial year ended 30 June 2015

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS 111 Joint Arrangements and FRS 28 (Revised) Investments in Associates and Joint Ventures (Continued)

Effects on consolidated statement of financial position (Continued)

	As previously reported $'000	Change in accounting policy $'000	As restated $'000
The Group			
30 June 2014			
Non-current assets			
Property, plant and equipment	301,420	(11,263)	290,157
Investment in joint ventures	-	66,828	66,828
Intangible assets	127,829	(12,074)	115,755
Other non-current assets	314,900	-	314,900
	744,149	43,491	787,640
Current assets			
Inventories	119	-	119
Trade and other receivables	320,070	(72,318)	247,752
Cash and bank balances	58,540	(479)	58,061
	378,729	(72,797)	305,932
Less:			
Current liabilities			
Trade and other payables	114,327	(22,443)	91,884
Income tax payable	83,820	(6,854)	76,966
Borrowings	81,280	-	81,280
	279,427	(29,297)	250,130
Net current assets	99,302	(43,500)	55,802
Less:			
Non-current liabilities			
Trade and other payables	46,012	(9)	46,003
Other non-current liabilities	194,154	-	194,154
	240,166	(9)	240,157
Net assets	603,285	-	603,285

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS 111 Joint Arrangements and FRS 28 (Revised) Investments in Associates and Joint Ventures (Continued)

Effects on consolidated statement of profit and loss and other comprehensive income
(For the financial year ended 30 June 2014)

	As previously reported $'000	Change in accounting policy $'000	As restated $'000
Revenue	127,390	(2,551)	124,839
Other operating income	102,494	(42,349)	60,145
Personnel expenses	(59,003)	3,095	(55,908)
Depreciation and amortisation expenses	(16,182)	1,875	(14,307)
Other operating expenses	(63,404)	3,002	(60,402)
Fair value gain on investment properties, net	7,331	-	7,331
Finance cost	(11,833)	-	(11,833)
Share of results of joint ventures	-	30,116	30,116
Share of results of associates	128	-	128
Profit before income tax	86,921	(6,812)	80,109
Income tax expenses	(28,420)	6,812	(21,608)
Profit after income tax	58,501	-	58,501

Notes to the Financial Statements
For the financial year ended 30 June 2015

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS 111 Joint Arrangements and FRS 28 (Revised) Investments in Associates and Joint Ventures (Continued)

Effects on consolidated statement of cash flows
(For the financial year ended 30 June 2014)

	As previously reported $'000	Change in accounting policy $'000	As restated $'000
Operating activities			
Profit before income tax from continuing operations	86,921	(6,812)	80,109
Loss before income tax from discontinuing operations	(237)	-	(237)
	86,684	(6,812)	79,872
Adjustments for:			
Depreciation for property, plant and equipment	14,009	(1,437)	12,572
Amortisation of intangible assets	2,173	(438)	1,735
Bad trade receivable written off	287	(24)	263
Interest income	(1,527)	(27)	(1,554)
Loss on disposal of property, plant and equipment, net	284	(53)	231
Gain on disposal of interest in joint ventures	(40,842)	40,842	-
Share of results of joint ventures	-	(30,116)	(30,116)
Others	(45,185)	-	(45,185)
Operating profit before working capital changes	15,883	1,935	17,818
Working capital changes:			
Inventories	(10)	-	(10)
Trade and other receivables	(8,852)	19,936	11,084
Course fees and education service deferred income	378	73	451
Trade and other payables	17,371	(21,464)	(4,093)
Cash generated from operations	24,770	480	25,250
Interest paid	(10,715)	-	(10,715)
Interest received	1,527	27	1,554
Income and withholding tax paid, net	(3,228)	15	(3,213)
Net cash generated from operating activities	12,354	522	12,876

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

2.1 **Basis of preparation of financial statements** (Continued)

FRS 111 Joint Arrangements and FRS 28 (Revised) Investments in Associates and Joint Ventures (Continued)

Effects on consolidated statement of cash flows
(For the financial year ended 30 June 2014) (Continued)

	As previously reported $'000	Change in accounting policy $'000	As restated $'000
Investing activities			
Advance payment for development cost of new projects	(16,057)	(79)	(16,136)
Payment for property, plant and equipment	(21,471)	1,623	(19,848)
Capital contribution to joint ventures	29	(2,040)	(2,011)
Proceeds from disposal of property, plant and equipment	137	(45)	92
Proceeds from disposal of interest in joint venture, net of cash disposed off	(461)	461	-
Acquisition of development costs	(83)	83	-
Others	70,230	-	70,230
Net cash generated from investing activities	32,324	3	32,327
Financing activities			
Net cash used in financing activities	(57,830)	-	(57,830)
Net change in cash and cash equivalents	(13,152)	525	(12,627)
Cash and cash equivalents at beginning of financial year	70,895	(1,093)	69,802
Effect of exchange rate changes in cash and cash equivalents	797	89	886
Cash and cash equivalents at end of financial year	58,540	(479)	58,061

FRS 112 Disclosure of Interests in Other Entities

FRS 112 is a new standard prescribes comprehensive disclosure requirements for all types of interests in other entities. It requires an entity to provide more intensive disclosure regarding the nature of any risk associated with its interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. As this is a disclosure standard, there is no effect on the Group's financial position or financial performance. Certain new disclosures are included in these financial statements following adoption of FRS 112 on 1 July 2014.

Notes to the Financial Statements
For the financial year ended 30 June 2015

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 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 1 (Amendments)	: *Disclosure Initiative*	1 January 2016
FRS 16 and FRS 38 (Amendments)	: *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
FRS 27 (Amendments)	: *Equity Method in Separate Financial Statements*	1 January 2016
FRS 109	: *Financial Instruments*	1 January 2018
FRS 110 and FRS 28 (Amendments)	: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
FRS 111 (Amendments)	: *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
FRS 115	: *Revenue from Contracts with Customers*	1 January 2017
Improvements to FRSs (November 2014)		
FRS 107 (Amendments)	: *Financial Instruments: Disclosures*	1 January 2016

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

Except as disclosed below, management anticipates that the adoption of the above FRS in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

FRS 109 Financial Instruments

FRS 109 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group will have a choice to recognise the gains and losses in other comprehensive income. A third measurement category has been added for debt instruments – fair value through other comprehensive income. This measurement category applies to debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets.

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)

FRS 109 Financial Instruments (Continued)

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities.

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment provisions as well as interest revenue. For financial assets at amortised cost or fair value through other comprehensive income, the Group will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.

FRS 109 also introduces a new hedge accounting model designed to allow entities to better reflect their risk management activities in their financial statements.

The Group plans to adopt FRS 109 in the financial year beginning on 1 July 2018 with retrospective effect in accordance with the transitional provisions. There may be a potentially significant impact on the accounting for financial instruments on initial adoption. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard, however the Group will be required to reassess the classification and measurement of financial assets, particularly those currently classified as available-for-sale and held to maturity, and the new impairment requirements are expected to result in changes for impairment provisions on trade receivables and other financial assets not measured at fair value through profit or loss.

FRS 115 Revenue from Contracts with Customers

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

On initial adoption of this standard there may be a potentially significant impact on the timing and profile of revenue recognition of the Group. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard. The Group plans to adopt the standard in the financial year beginning on 1 July 2017 with either full or modified retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

Notes to the Financial Statements
For the financial year ended 30 June 2015

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation

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

Subsidiaries are entities over which the Group has control. Control exists when the Group is exposed or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Power is demonstrated through existing rights that give the Group the ability to direct activities that significantly affect the entity's returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

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 off. 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 2.7(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.

2. Summary of significant accounting policies (Continued)

2.3 Business combination (Continued)

Business combination on or after 1 July 2009 (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 and Joint Ventures

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.

Joint ventures are entities over whose activities the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The results, assets and liabilities of associates and joint ventures are incorporated in these financial statements using the equity method of accounting (collectively referred to as equity-accounted investees), 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 equity-accounted investees 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 equity-accounted investees, less any impairment loss of individual investments. Losses of equity-accounted investees in excess of the Group's interest in those equity-accounted investees (which includes any long-term interests that, in substance, form part of the Group's net investment in the associates and joint ventures) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the investees.

2. Summary of significant accounting policies (Continued)

2.4 Associates and Joint Ventures (Continued)

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

The most recent available audited financial statements of the equity-accounted investees 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.

Upon loss of significant influence or joint control over the equity-accounted investee, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the equity-accounted investee upon loss of significant influence or joint control and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in the profit and loss account.

When an investment in an associate becomes an investment in a joint venture or an investment in joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

If the Group's ownership interest in an associate or a joint venture is reduced, but the Group continues to apply the equity method, the Group reclassifies to the profit and loss account the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to the profit and loss account on the disposal of the retained assets or liabilities.

In the Company's separate financial statements, investments in equity-accounted investees are accounted for at cost less impairment losses. On disposal of an equity-accounted investee, the difference between the net disposal proceeds and the carrying amount of the investment is taken to the profit and loss account.

2.5 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.

Notes to the Financial Statements
For the financial year ended 30 June 2015

2. Summary of significant accounting policies (Continued)

2.5 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.

The Group has revised the estimated useful lives of certain categories of property, plant and equipment ("PPE"). Previously under the Group's asset-light strategy, the Group expected the useful lives of the PPE to be constrained by the lease period of the various colleges and estimated a shorter time period in which the future economic benefits of the assets were expected to be consumed. Over the years, the Group has transformed from an asset-light education model to an asset-backed education, education management and education-linked investment and development model which includes investing in properties for its colleges. Thus, the Group expects use of its assets over longer period.

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. Following the review, the estimated useful lives of these categories of assets have been revised and are shown in the table below.

	As at 30 June 2014	**With effect from 1 July 2014**
Leasehold land, buildings and improvements#	3 - 50 years	3 - 50 years
Plant and equipment	10 years	10 years
Furniture, fittings and equipment	3 – 5 years	7 - 10 years
Computer equipment	3 – 5 years	4 – 5 years
Motor vehicle	1 – 7 years	10 years

The estimated useful lives of certain properties have been revised from 20 years to 50 years and majority of the leasehold land and buildings are depreciated over 20 – 50 years.

The change in estimate has been applied prospectively from 1 July 2014.

Accordingly, the revision of the estimated useful lives of these assets has resulted in $2.6 million decrease in depreciation expense charged to the Group's income statement for the financial year ended 30 June 2015. Without the revision of the estimated useful lives of these assets, the depreciation expense for financial year ended 30 June 2015 would have been $12.4 million.

2. Summary of significant accounting policies (Continued)

2.5 Property, plant and equipment (Continued)

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

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. Any amount in the revaluation reserve relating to that asset is transferred to retained earnings directly.

2.6 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.

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.

Notes to the Financial Statements
For the financial year ended 30 June 2015

2. Summary of significant accounting policies (Continued)

2.7 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 is presented separately as intangible assets. Goodwill on acquisition of associates or jointly controlled entities 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.

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, 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) 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.

2. Summary of significant accounting policies (Continued)

2.7 Intangible assets (Continued)

(iii) Development costs (Continued)

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.

(iv) 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.

2.8 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.

2. Summary of significant accounting policies (Continued)

2.8 Impairment of non-financial assets (Continued)

Non-financial assets other than goodwill (Continued)

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.

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.

2.9 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. Summary of significant accounting policies (Continued)

2.10 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.

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.

Notes to the Financial Statements
For the financial year ended 30 June 2015

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Financial assets (Continued)

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 off 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.

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.

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

2.10 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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.

On derecognition, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in consolidated statement of profit or loss.

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.

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

2.10 Financial instruments (Continued)

Other financial liabilities

(i) Trade and other payables

Trade and other payables (excluding course fees and management fees received in advance and accruals for indirect taxes and property-related expenses) 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.

(iii) Financial guarantee contracts

Financial guarantee 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.*

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Other financial liabilities (Continued)

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.

2.11 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.

2. Summary of significant accounting policies (Continued)

2.11 Non-current assets held for sale and discontinued operations (Continued)

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 off 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.

2.12 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.

2.13 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.

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.

2. Summary of significant accounting policies (Continued)

2.13 Operating leases (Continued)

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.

2.14 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.

2.15 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.

Notes to the Financial Statements
For the financial year ended 30 June 2015

2. Summary of significant accounting policies (Continued)

2.16 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.

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

2.17 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.

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.

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

2.17 Employee benefits (Continued)

Share-based payments (Continued)

(i) Share options plan (Continued)

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.

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. Summary of significant accounting policies (Continued)

2.18 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.

2.19 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 retranslated 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 retranslated 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 retranslated.

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

Notes to the Financial Statements
For the financial year ended 30 June 2015

2. Summary of significant accounting policies (Continued)

2.19 Foreign currencies (Continued)

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 off; 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.

2.20 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. Summary of significant accounting policies (Continued)

2.21 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.

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

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.

3.1 Critical judgements made in applying the accounting policies

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 flows.

(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 the 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.

Notes to the Financial Statements
For the financial year ended 30 June 2015

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 and 2.4 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 3 to 50 years. The carrying amounts of the Group's property, plant and equipment and computer software as at 30 June 2015 were approximately $324,884,000 and $633,000 (2014: $290,157,000 and $895,000) 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.

The Group has revised the estimated useful life of certain categories of property, plant and equipment and the effects of the changes have been disclosed in Note 2.5.

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 certain 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 2015 was approximately $112,452,000 (2014: $112,452,000).

(iii) Valuation of investment properties

The Company's and the Group's accounting policy relating to investment properties are described in Note 2.6 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 2015 was approximately $416,387,000 (2014: $301,943,000).

(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 (excluding prepayments and tax recoverable) for the Group and the Company as at 30 June 2015 was approximately $225,663,000 (2014: $237,542,000) and $330,156,000 (2014: $276,544,000) 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 flows.

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 Group's carrying amount of investments in joint ventures and associates as at 30 June 2015 was approximately $67,863,000 and $1,396,000 (2014: $66,828,000 and $1,432,000) respectively. As at 30 June 2015, the Company's investment in subsidiaries is $426,581,000 (2014: $426,549,000).

(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 2015 are $72,501,000 (2014: $76,966,000), $1,099,000 (2014: $755,000) and $18,174,000 (2014: $9,743,000) respectively. As at 30 June 2015, the Company's income tax payable is $265,000 (2014: $265,000).

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

In 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 2015, the carrying amounts of grant receivable, income tax payable and other payables are $32,959,000 (2014: $30,911,000), $32,292,000 (2014: $29,909,000) and $668,000 (2014: $1,002,000) respectively.

4. Property, plant and equipment

	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
Group								
2015								
Cost								
Balance at 1 July 2014 (Restated)	48,820	261,792	1,861	16,833	12,125	1,798	5,621	348,850
Additions	8,301	19,986	48	1,918	1,204	404	15,784	47,645
Disposals	-	(447)	(62)	(532)	(435)	(51)	-	(1,527)
Written off	-	(679)	-	(354)	(253)	(5)	-	(1,291)
Transfer from investment properties (Note 5)	-	955	-	-	-	-	-	955
Transfer to investment properties (Note 5)	-	(6,706)	-	-	-	-	(2,761)	(9,467)
Reclassifications	-	-	-	226	(226)	-	-	-
Foreign currency realignment	(3,533)	10,708	148	650	417	138	(1,226)	7,302
Balance at 30 June 2015	53,588	285,609	1,995	18,741	12,832	2,284	17,418	392,467
Accumulated depreciation and impairment losses								
Balance at 1 July 2014 (Restated)	-	35,842	1,800	10,314	9,378	1,359	-	58,693
Depreciation charged	-	6,965	39	1,641	971	150	-	9,766
Disposals	-	(376)	(62)	(507)	(432)	(51)	-	(1,428)
Written off	-	(679)	-	(352)	(251)	(5)	-	(1,287)
Transfer to investment properties (Note 5)	-	(1,452)	-	-	-	-	-	(1,452)
Foreign currency realignment	-	2,165	143	516	361	106	-	3,291
Balance at 30 June 2015	-	42,465	1,920	11,612	10,027	1,559	-	67,583
Carrying amounts								
Balance at 30 June 2015	53,588	243,144	75	7,129	2,805	725	17,418	324,884

4. Property, plant and equipment (Continued)

	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
Group								
2014 (Restated)								
Cost								
Balance at 1 July 2013	49,942	230,769	2,128	22,049	12,951	1,926	31,743	351,508
Additions	-	913	-	3,297	956	46	15,985	21,197
Disposals	-	(1,157)	-	(760)	(682)	(5)	-	(2,604)
Written off	-	-	-	(139)	(43)	-	-	(182)
Arising from acquisition of subsidiary (Note 29)	-	4,847	-	107	-	-	-	4,954
Arising from equity swap with non-controlling interest	-	-	(244)	(7,379)	(794)	(148)	(1,300)	(9,865)
Reclassified from prepayments	-	-	-	-	-	-	9,034	9,034
Transfer to investment properties (Note 5)	-	(2,905)	-	-	-	-	(18,398)	(21,303)
Reclassifications	-	31,326	-	(7)	(1)	-	(31,318)	-
Foreign currency realignment	(1,122)	(2,001)	(23)	(335)	(262)	(21)	(125)	(3,889)
Balance at 30 June 2014	48,820	261,792	1,861	16,833	12,125	1,798	5,621	348,850

4. Property, plant and equipment (Continued)

Group	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
2014 (Restated)								
Accumulated depreciation and impairment losses								
Balance at 1 July 2013	-	29,487	1,702	15,475	9,329	1,247	-	57,240
Depreciation charged	-	8,171	170	2,470	1,534	227	-	12,572
Disposals	-	(994)	-	(647)	(635)	(5)	-	(2,281)
Written off	-	-	-	(144)	(36)	-	-	(180)
Arising from equity swap with non-controlling interest	-	-	(52)	(6,610)	(625)	(94)	-	(7,381)
Transfer to investment properties (Note 5)	-	(210)	-	-	-	-	-	(210)
Foreign currency realignment	-	(612)	(20)	(230)	(189)	(16)	-	(1,067)
Balance at 30 June 2014	-	35,842	1,800	10,314	9,378	1,359	-	58,693
Carrying amounts								
Balance at 30 June 2014	48,820	225,950	61	6,519	2,747	439	5,621	290,157

4. Property, plant and equipment (Continued)

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

As of 30 June 2015, legal ownership and title deeds of certain properties of carrying amount $39.9 million (2014: $43.6 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 $125.3 million (2014: $91.7 million) were mortgaged to secure borrowings as referred to in Note 14 to the financial statements.

5. Investment properties

	Group 2015 $'000	Group 2014 $'000
Balance at beginning of financial year	301,943	368,006
Additions	69,322	1,960
Disposals	-	(98,250)
Fair value gain recognised in consolidated statement of profit or loss, net	23,031	7,331
Settlement of certain compensation liabilities	(4,461)	-
Transfer from property, plant and equipment (Note 4)	8,015	21,093
Transfer to property, plant and equipment (Note 4)	(955)	-
Revaluation gain on transferring from owner-occupied property recognised in other comprehensive income	-	5,631
Foreign currency realignment	19,492	(3,828)
Balance at end of financial year	416,387	301,943

(a) The investment properties in current financial year relate to land and properties of certain subsidiaries held by Oriental University City Limited ("OUCL"), Oriental University City Holdings (H.K.) Limited ("OUCHK") (collectively "OUC"), Raffles Assets (Thailand) Co., Ltd ("RATH"), Raffles Iskandar Sdn. Bhd. ("RISB"), Raffles Assets Pty Ltd ("RAA") and 4 Vallees Pte Ltd ("4Vallees"). OUC owns and leases out investment properties to colleges within its self-contained campus. The land under RISB is vacant as at 30 June 2015. Building construction on the land of RATH is ongoing. RAA owns a commercial building and part of the building will be leased out. 4Vallees owns a hotel and facilities ("Hotel") and 7 commercial units ("commercial units"). The Hotel was leased to a hotel operator for 10 years. The hotel operator has an option, expiring on 31 December 2016 to purchase the Hotel for CHF27 million. Currently, four of the commercial units are rented out.

Rental income from the Group's investment properties which are leased out under operating leases, amounted to $14.2 million (2014: $13.3 million). Direct operating expenses arising from rental and non-rental generating investment properties amounted to $5.3 million and $6.9 million (2014: $7.9 million and $10.3 million) respectively.

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, except for the Hotel and commercial units under 4Vallees which were assessed by management to approximate original purchase price as the purchase of these properties had been completed in March 2015. The valuation conforms to International Valuation Standards and is based on the assets' highest and best use, which is in line with actual use.

The valuations are mainly performed using Direct Comparison Approach and Income Approach.

Direct Comparison Approach makes reference to the comparable sales evidences in the relevant locality with adjustments made to reflect the differences in size, location, tenure, condition, prevailing market conditions and all other relevant factors affecting its use. The major inputs into the valuation model were the price and size of the properties.

Income Approach is based on capitalisation of net rental income derived from the existing tenancies with due allowances for revisionary income potential of the property or by reference to comparable market transactions. The major inputs into the valuation model were the rental rates and capitalisation rates.

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.

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

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

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

Notes to the Financial Statements
For the financial year ended 30 June 2015

5. Investment properties (Continued)

(b) (Continued)

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Valuation techniques	Key unobservable inputs	Range	Inter-relationship between key unobservable inputs and fair value measurement
Income approach	Capitalisation rate	8.5% - 8.7% (2014: 8.5%)	Increase in capitalisation rate would result in lower fair value.
	Monthly rental rate	$2.6 - $32.3 per sqm (2014: $2.8 to $4.1 per sqm)	Increase in monthly rental rate would result in higher fair value.
Direct comparison approach	Price per square metre[1]	$135 - $1,495 per sqm (2014: $140 - $600 per sqm)	Increase in price per square metre would result in higher fair value.

(1) The yield adjustments are made for any difference in the nature, location or condition of the specific property.

(c) $300.9 million (2014: $259.0 million) of the Group's investment properties are held under leasehold interests between 34 to 39 years (2014: 35 to 40 years). The remaining investment properties are freehold.

(d) Certain investment properties with carrying values totalling $107.2 million (2014: $26.7 million) were mortgaged to secure borrowings as referred to in Note 14 to the financial statements.

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

(f) As at reporting date, the title deed of certain buildings with carrying amount approximately $21.0 million (2014: $22.9 million) had not been transferred to the Group due to delay in the completion of certain formal procedures.

6. Investments in subsidiaries

	Company 2015 $'000	Company 2014 $'000
Quoted equity shares, at cost	68,736	-
Unquoted equity shares, at cost	428,086	499,158
Less: Allowance for impairment loss	(70,241)	(72,609)
	426,581	426,549

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

	Company 2015 $'000	Company 2014 $'000
Balance at beginning of financial year	72,609	78,402
Allowance made during the financial year	5	-
Allowance written off during the financial year	(2,373)	(5,793)
Balance at end of financial year	70,241	72,609

Particulars of the significant subsidiaries are as follows:

Subsidiaries	Effective equity interest held by the Group 2015 %	Effective equity interest held by the Group 2014 %	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 Design Institute Guangzhou[a]	100	100	People's Republic of China	Provision of training programmes and courses in various areas of design and management
Raffles International College (HK) Ltd[b]	100	100	Hong Kong	Provider of education services

Notes to the Financial Statements
For the financial year ended 30 June 2015

6. Investments in subsidiaries (Continued)

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

Subsidiaries	Effective equity interest held by the Group 2015 %	Effective equity interest held by the Group 2014 %	Country of incorporation/ operation	Principal activities
Raffles College Pty Ltd[c]	100	100	Australia	Provision of training programmes and courses in various areas of design and commerce
Raffles Design International (India) Pty Ltd[a]	100	100	India	Provision of training programmes and courses in various areas of design and management
Raffles Design International (Thailand) Limited[d][e]	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
Anhui International Business and Economics College (formerly known as Wanbo Technology Vocation Institute)[a]	100	100	People's Republic of China	Provision of vocational and technical training
Tianjin University of Commerce Boustead College[a]	100	100	People's Republic of China	Provider of education services
Raffles Iskandar Sdn. Bhd.[a]	80	80	Malaysia	Provision of courses in various areas of design and management at University level
Raffles K12 Sdn. Bhd.[a]	100	100	Malaysia	Operating an American system of school
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

6. Investments in subsidiaries (Continued)

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

Subsidiaries	Effective equity interest held by the Group 2015 %	2014 %	Country of incorporation/ operation	Principal activities
Langfang Development Zone Oriental University City Higher Education Co., Ltd[(a)]	99	99	People's Republic of China	Provider of education services
Langfang Development Zone Shenglong Property Management Service Co., Ltd[(a)]	99	99	People's Republic of China	Provider of utilities management services
Langfang Development Zone Oriental University City Education Consultancy Co., Ltd ("EC")[(a)]	75*	100	People's Republic of China	Provider of education supporting services

Notes on significant subsidiaries:

All the subsidiaries above 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, Morison Heng CPA, Hong Kong
(c) Audited by other firm of auditors, RSM Bird Cameron Partners, Australia
(d) Audited by other firm of auditors, Sunantanawat Audit Company Limited, Thailand
(e) 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 Rules.

* Indirectly held through Oriental University City Holdings (H.K.) Limited ("OUCHK"), which together with its subsidiary, EC, is referred to as OUCHK Group. Following the initial public offering of shares, OUCHK was listed on the Growth Enterprise Market ("GEM") of the Hong Kong Stock Exchange on 16 January 2015. Subsequent to the listing, the Company owns 75% of OUCHK.

Notes to the Financial Statements
For the financial year ended 30 June 2015

6. Investments in subsidiaries (Continued)

Change of ownership interest without loss of control

The effect of the change in the ownership interest of OUCHK on the equity attributable to the owners of the Company during the year is summarised as follows:

	Group 2015 $'000	2014 $'000
Carrying amount of net assets disposed to non-controlling interests	(47,443)	-
Consideration received from non-controlling interest	17,160	-
Deemed loss on change of ownership of interest	(30,283)	-

The following subsidiaries of the Group have material non-controlling interests (NCI):

Subsidiaries	Effective equity interest held by the NCI 2015 %	2014 %	Country of incorporation/ operation
Langfang Oriental Institute of Technology ("LOIT")	49	49	People's Republic of China
Oriental University City Holdings (H.K.) Limited and its subsidiary ("OUCHK Group")	25	-	People's Republic of China

6. **Investments in subsidiaries** (Continued)

Non-controlling interests

Summarised financial information in relation to the subsidiaries that have non-controlling interests ("NCI") that are material to the Group, before intra-group eliminations and together with amounts attributed to NCI, is presented below:

	LOIT		OUCHK Group	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Revenue	-	35,747	13,149	12,243
Profit/(Loss) before income tax	2,108	(6,267)	12,427	9,318
Income tax expense	(1,274)	(3,243)	(2,831)	(715)
Profit/(Loss) after income tax	834	(9,510)	9,596	8,603
Profit/(Loss) allocated to NCI	408	(951)	2,225	-
Other comprehensive income allocated to NCI	-	-	1,150	-
Total comprehensive income allocated to NCI	408	(951)	3,375	-
Cash flows from operating activities	-	438	(987)	6,482
Cash flows from investing activities	-	(591)	(3,710)	(6,118)
Cash flows from financing activities	-	-	15,606	293
Net cash inflows/(outflows)	-	(153)	10,909	657

Due to the equity swap in June 2014, the Group transferred the operational rights of the education business of LOIT to the non-controlling interest in exchange for a yearly fixed return which is still yet to be determined. The Group has since ceased to consolidate the education business result as well as its working capital. The Group continues to have control over the land and building held by LOIT by virtue of its 51% equity interest in LOIT which the Group continues to consolidate.

	LOIT		OUCHK Group	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Assets:				
Current assets	-	-	27,075	19,865
Non-current assets	88,312	79,789	193,959	166,010
Liabilities:				
Current liabilities	-	-	(9,912)	(18,853)
Non-current liabilities	(4,408)	(2,870)	(7,848)	(4,146)
Net assets	83,904	76,919	203,274	162,876
Accumulated non-controlling interests	41,113	37,690	50,818	-

7. **Investments in joint ventures**

	Group	
	2015	**2014 (Restated)**
	$'000	**$'000**
Equity shares, at cost	85,312	85,312
Share of post-acquisition reserves of joint ventures	(17,449)	(18,484)
	67,863	66,828

Particulars of the joint ventures as at 30 June 2015 are as follows:

Joint ventures	**Effective equity interest held by the Group 2015 %**	**2014 %**	**Country of incorporation/ operation**	**Principal activities**
Educomp-Raffles Higher Education Limited ("ERHEL")[(a)]	58	58	India	Provision of training programmes and courses in various areas of design and management
Value Vantage Pte Ltd ("VVPL")[(b)]	50	50	Singapore	Investment holding
Raffles Education Middle East Training Co. Ltd[(c)]	50	50	Middle East	Provision of education services and training programmes

Notes on joint ventures:

(a) Audited by overseas member firm of BDO
(b) Audited by BDO LLP, Singapore
(c) Based on management's assessment and judgement, the financial information of the joint venture is immaterial for disclosures.

7. **Investments in joint ventures** (Continued)

Summarised financial information of each of the Group's significant joint ventures are presented below:

	ERHEL		VVPL	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Current assets[1]	28,666	28,876	165,808	172,793
Non-current assets	20,183	21,084	-	-
Current liabilities	(31,103)	(28,969)	(71,182)	(84,354)
Net assets	17,746	20,991	94,626	88,439
[1] *Included in the above amounts are:*				
Cash and bank balances	1,661	361	14	10

	ERHEL		VVPL	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Revenue	7,158	7,356	-	-
Profit/(loss) after tax[2], representing total comprehensive income	(3,530)	(5,744)	6,187	83,571
[2] *Included in the above amounts are:*				
Depreciation and amortisation	(2,213)	(3,675)	-	(982)
Interest income	28	9	-	15
Income tax expense	-	-	(52)	(13,624)
Dividends receivable from joint venture	-	-	-	(30,000)

The information above reflects the amounts presented in the financial statements of the joint venture (and not the Group's share of those amounts).

7. **Investments in joint ventures** (Continued)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in significant joint ventures, is as follows:

	ERHEL		VVPL	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Proportion of Group ownership	58%	58%	50%	50%
Group's share of net assets	10,293	12,175	47,313	44,219
Goodwill	10,780	10,780	-	-
Group's carrying amount of investment in joint ventures	21,073	22,955	47,313	44,219

8. **Investments in associates**

	Group	
	2015	**2014**
	$'000	**$'000**
Unquoted equities, at cost	1,070	1,070
Share of post-acquisition results net of dividend received	326	362
	1,396	1,432

Details of associates as at 30 June 2015 are as follows:

Associates	**Effective equity interest held by the Group 2015 %**	**2014 %**	**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
KHID Co., Ltd [b]	37.5	37.5	Mongolia	Investment holding

Notes on associates:

[a] Audited by overseas member firm of BDO
[b] Audited by San Audit LLC, Mongolia

9. Available-for-sale financial assets

	Group 2015 $'000	Group 2014 $'000
Quoted equity interest, at fair value[(a)]	3,865	-
Unquoted equity interest, at cost[(b)]	658	610
	4,523	610

(a) During the financial year 2015, OUCHK acquired quoted equity shares interest amounting to $3,761,000. The fair value of this equity interest is based on closing quoted market price on the last market day of the financial year and therefore, it is classified as a Level 1 fair value. The equity interest is listed on the Australia Stock Exchange.

(b) The unquoted equity interest were acquired as part of the assets in certain subsidiaries of OUC during the financial year 2008. As this equity interest in unquoted corporation 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 this equity interest, it is not practicable to determine the fair value of this unquoted equity interest with sufficient reliability. Consequently, this unquoted equity interest is carried at cost less impairment loss, if any, recoverable amounts based on management's assessment.

10. Intangible assets

	Goodwill on acquisitions $'000	Trademarks and license $'000	Development costs $'000	Computer software $'000	Total $'000
Group					
2015					
Cost					
Balance at 1 July 2014 (Restated)	112,452	579	11,873	1,875	126,779
Additions	-	1	1	-	2
Foreign currency realignment	-	13	(143)	-	(130)
Balance at 30 June 2015	112,452	593	11,731	1,875	126,651
Accumulated amortisation and impairment losses					
Balance at 1 July 2014 (Restated)	-	88	9,956	980	11,024
Amortisation	-	17	995	262	1,274
Foreign currency realignment	-	-	(97)	-	(97)
Balance at 30 June 2015	-	105	10,854	1,242	12,201
Carrying amounts					
As at 30 June 2015	112,452	488	877	633	114,450

10. Intangible assets (Continued)

	Goodwill on acquisitions $'000	Trademarks and license $'000	Development costs $'000	Computer software $'000	Total $'000
Group					
2014 (Restated)					
Cost					
Balance at 1 July 2013	112,435	227	11,994	1,823	126,479
Arising from acquisition of subsidiary (Note 29)	16	-	-	-	16
Additions	-	366	-	52	418
Written off	-	-	(15)	-	(15)
Foreign currency realignment	1	(14)	(106)	-	(119)
Balance at 30 June 2014	112,452	579	11,873	1,875	126,779
Accumulated amortisation and impairment losses					
Balance at 1 July 2013	-	70	8,588	726	9,384
Amortisation	-	18	1,463	254	1,735
Written off	-	-	(15)	-	(15)
Foreign currency realignment	-	-	(80)	-	(80)
Balance at 30 June 2014	-	88	9,956	980	11,024
Carrying amounts					
As at 30 June 2014	112,452	491	1,917	895	115,755

	Company 2015 $'000	Company 2014 $'000
Trademarks		
Cost		
Balance at beginning of year	216	227
Additions	1	1
Reductions	-	(12)
Balance at end of year	217	216
Accumulated amortisation		
Balance at beginning of year	88	70
Amortisation	17	18
Balance at end of year	105	88
Carrying amounts	112	128

10. Intangible assets (Continued)

Goodwill on acquisition

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 are as follows:

	Group	
	2015	**2014 (Restated)**
	$'000	**$'000**
Continuing operations:		
China Education Limited	94,164	94,164
Raffles College Pty Ltd	10,481	10,481
Others[#]	7,807	7,807
	112,452	112,452

(#) 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 7% (2014: 7%) per annum 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.

Sensitivity analysis

The management has estimated that even if the projected net cash inflows had been 10% (2014: 10%) lower or if the estimated discounted rate applied to the discounted cash flows had been 8% instead of 7% (2014: 8% instead of 7%), 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	
	2015	**2014 (Restated)**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Trade receivables:				
Trade receivables	3,296	3,953	-	-
Less:				
Allowance for doubtful trade receivables	(155)	(1,356)	-	-
	3,141	2,597	-	-
Other receivables:				
Third parties[a]	24,822	11,695	-	-
Receivable from sale of interest in subsidiary[b]	18,284	34,900	-	-
Receivables from sale of investment properties[c]	104,855	118,735	-	-
Government grant receivables (Note 3.2 (vii))	32,959	30,911	-	-
Deposits	5,654	5,113	-	-
Prepayments	14,971	8,974	242	179
Receivable from former joint venture	226	209	-	-
Subsidiaries[d]	-	-	306,592	271,164
Joint ventures[d]	35,133	32,700	533	492
Associates[d]	210	7	-	-
Tax recoverable	964	1,236	887	887
Others	379	675	57	34
	238,457	245,155	308,311	272,756
	241,598	247,752	308,311	272,756
Non-current other receivables				
Prepayments	10,970	10,160	-	-
Subsidiaries[d]	-	-	22,974	4,854
	10,970	10,160	22,974	4,854
	252,568	257,912	331,285	277,610

Trade receivables are non-interest bearing and are generally on 30 days credit term (2014: 30 days).

11. Trade and other receivables (Continued)

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

	Group	
	2015	**2014 (Restated)**
	$'000	**$'000**
Not past due and not impaired	1,520	1,287
Past due but not impaired	1,621	1,310
Impaired, individually assessed	155	1,356
Less: allowance for doubtful trade receivables	(155)	(1,356)
Total trade receivables, net	3,141	2,597

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 payment track record with the Group.

Included in the Group's trade receivables are receivables with a carrying amount of approximately $1.6 million (2014: $1.3 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	
	2015	**2014 (Restated)**
	$'000	**$'000**
0 - 30 days	275	178
31 - 60 days	405	308
Over 61 days	941	824
	1,621	1,310

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	
	2015	**2014**
	$'000	**$'000**
Balance at beginning of financial year	1,356	1,978
Allowance made for the financial year (Note 23)	180	18
Allowance utilised	(1,441)	(572)
Allowance reversed (Note 23)	-	(54)
Foreign currency realignment	60	(14)
Balance at end of financial year	155	1,356

Further notes on trade and other receivables:

(a) Included in the third parties other receivables was a $24.5 million short term loan to a third party. The amount is interest free and repayable in one year.

(b) In July 2011, the Group completed the disposal of 50% equity interest in VVPL for a consideration of $46 million to an unrelated third party. During the financial year, the Group has received $16.6 million and the outstanding amount as at 30 June 2015 amounted to $18.3 million.

(c) Receivables from sale of investment properties relate to the outstanding balance of $Nil (2014: $3.2 million) due from the disposal of 670mu land and properties in OUC, $16.1 million (2014: $24.1 million) due from disposal of 118mu land and properties in OUC and $88.7 million (2014: $91.4 million) due from disposal of 490mu land and properties in OUC.

(d) The amounts due from subsidiaries, joint ventures and associates are non-trade in nature, unsecured, interest-free and repayable on demand, except for the amount of $33.3 million (2014: $4.9 million) advanced to subsidiaries as at the end of the financial year which bears interest at 3% (2014: 3%) per annum. The carrying amount of these amounts approximate its fair value.

12. Cash and bank balances

	Group 2015 $'000	Group 2014 (Restated) $'000	Company 2015 $'000	Company 2014 $'000
Current				
Fixed deposits with banks	40,803	18,963	9,005	-
Cash and bank balances	40,101	39,098	5,116	1,099
Cash and cash equivalents for purpose of consolidated cash flows	80,904	58,061	14,121	1,099
Non-current				
Restricted bank balances	2,890	-	-	-
	83,794	58,061	14,121	1,099

Group

Fixed deposit of $Nil (2014: $1.2 million) are held by a bank as security for the bank guarantee given in relation to a leased premise of a subsidiary.

Restricted bank balances represent bank balances of a subsidiary pledged to financial institution as collateral for credit facilities granted.

Fixed deposits at the reporting date have an average maturity of 2 months (2014: 1 month) from the end of the financial year with the following effective interest rates per annum:

	Group 2015	Group 2014
Singapore Dollar	0.65%	-
Chinese Renminbi	0.01% - 3.33%	2.85% - 3.50%
Australian Dollar	1.82%	2.53%
Sri Lanka Rupee	3.00%	5.45%
Indian Rupee	6.25%	6.10%

	Company 2015	Company 2014
Singapore Dollar	0.65%	-

Notes to the Financial Statements
For the financial year ended 30 June 2015

13. Trade and other payables

	Group 2015 $'000	Group 2014 (Restated) $'000	Company 2015 $'000	Company 2014 $'000
Current				
Trade payables	3,338	2,357	-	-
Subsidiaries	-	-	100,696	96,102
Associates	357	31	-	-
Joint ventures	-	269	-	159
Course fees received in advance	14,196	16,020	-	-
Education service received in advance	869	549	-	-
Other accruals	17,446	25,454	4,767	6,100
Accruals for indirect taxes and property-related expenses[a]	2,915	5,139	-	-
Accruals for management fees	3,888	7,310	-	-
Accruals for capital expenditure	6,226	345	-	-
Accruals for car park demolition in OUC	7,444	6,894	-	-
Purchase consideration payable	-	193	-	-
Amounts due to joint venturers	16,200	16,200	-	-
Amounts due to former related parties	2	-	-	-
Payable to EISB[b]	9,127	9,959	-	-
Other payables	2,352	1,164	-	-
	84,360	91,884	105,463	102,361
Non-current				
Payable to EISB[b]	42,012	45,842	-	-
Other payables	93	161	-	-
	42,105	46,003	-	-
	126,465	137,887	105,463	102,361

Current trade payables are non-interest bearing and are normally settled on 30 to 60 days' term (2014: 30 to 60 days' term).

The amounts due to subsidiaries, associates, joint ventures and former related parties are unsecured, interest-free and repayable on demand. The amount of $16.2 million due to joint ventures is repayable within 12 months from the end of financial year.

13 Trade and other payables (Continued)

Further notes on trade and other payables:

(a) Included in accruals for indirect taxes and property-related expenses is an amount of $0.7 million (2014: $1.0 million) which relates to revenue tax, stamp duty and deed tax arising from the land restructuring in OUC.

(b) This mainly relates to amount due to Education@Iskandar Sdn. Bhd. ("EISB") 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 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 July 2015.

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. The carrying amount of other payables approximate its fair value.

Notes to the Financial Statements
For the financial year ended 30 June 2015

14. Borrowings

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Borrowings:				
- Secured bank borrowings[a]	134,475	62,383	13,500	-
- Unsecured bank borrowings[a]	75,000	64,800	75,000	64,800
- Unsecured third party interest-free borrowings[b]	22,388	10,000	22,388	10,000
- Unsecured Notes[c]	158,704	128,508	158,704	128,508
	390,567	265,691	269,592	203,308
Repayable:				
- within 1 financial year	266,095	81,280	190,632	74,800
- more than 1 financial year	124,472	184,411	78,960	128,508
	390,567	265,691	269,592	203,308
Secured borrowings repayable:				
- within 1 financial year	88,963	6,480	13,500	-
- more than 1 financial year	45,512	55,903	-	-
	134,475	62,383	13,500	-
Unsecured borrowings repayable:				
- within 1 financial year	177,132	74,800	177,132	74,800
- more than 1 financial year	78,960	128,508	78,960	128,508
	256,092	203,308	256,092	203,308

(a) Security for bank borrowings are as follow:

- bank borrowings of $107.5 million (2014: $62.4 million) are secured by letter of guarantee by the Company;
- bank borrowings of $13.5 million (2014: $Nil) are secured by a standby letter of credit issued by a bank which is secured by a letter of guarantee from the Company; and
- certain property, plant and equipment (Note 4) with carrying amount of $125.3 million (2014: $91.7 million) and investment properties (Note 5) with carrying amount of $107.2 million (2014: $26.7 million).

The current bank borrowings have an average maturity of 6 months (2014: 1 month) from the end of the financial year. The non-current bank borrowings have an average maturity of 3.55 years (2014: 1.75 years) from the end of the financial year.

The effective interest rates of the bank borrowings range from 1.55% to 8.00% (2014: 1.58% to 2.62%) per annum. The carrying amount of the borrowings approximates its fair value due to frequent re-pricing.

14. Borrowings (Continued)

(b) The third party borrowings has an average maturity of 5 months (2014: 9 months) from the end of the financial year.

(c) 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 MTN Programme was increased to $500 million.

During the financial year, the Company issued $30 million of Notes which bear interest of 5.9% and will mature on 3 May 2018.

As at 30 June 2015, the following Notes were outstanding:

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
7 May 2015	$30 million	5.9%	3 May 2018

The carrying amount of the Notes approximates its fair value.

15. 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 2015 $'000	Group 2014 $'000
Deferred tax assets	1,099	755
Deferred tax liabilities	(18,174)	(9,743)

Notes to the Financial Statements
For the financial year ended 30 June 2015

15. Deferred tax assets and liabilities (Continued)

	Other payables $'000	Tax losses $'000	Accelerated tax capital allowance $'000	Others $'000	Total $'000
Group					
Balance at 1 July 2014	545	153	37	20	755
Credited/(charged) to consolidated statement of profit or loss	563	(123)	-	-	440
Foreign currency realignment	(96)	5	(1)	(4)	(96)
Balance at 30 June 2015	1,012	35	36	16	1,099
Balance at 1 July 2013	452	265	66	74	857
Credited/(charged) to consolidated statement of profit or loss	91	(109)	(22)	(53)	(93)
Foreign currency realignment	2	(3)	(7)	(1)	(9)
Balance at 30 June 2014	545	153	37	20	755

	Accelerated tax depreciation on property, plant and equipment $'000	Fair value adjustment on investment properties $'000	Others $'000	Total $'000
Group				
Balance at 1 July 2014	(304)	(9,391)	(48)	(9,743)
Charged to consolidated statement of profit or loss	(123)	(7,458)	(8)	(7,589)
Foreign currency realignment	-	(840)	(2)	(842)
Balance at 30 June 2015	(427)	(17,689)	(58)	(18,174)
Balance at 1 July 2013	(203)	(21,083)	(3)	(21,289)
Charged to consolidated statement of profit or loss	(101)	11,585	(47)	11,437
Foreign currency realignment	-	107	2	109
Balance at 30 June 2014	(304)	(9,391)	(48)	(9,743)

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 2015 and 2014, as the management does not expect the subsidiaries to distribute its earnings in the foreseeable future. Unremitted earnings totalled $162.1 million (2014: $173.7 million) at 30 June 2015.

16. Share capital

	Group and Company			
	2015	2014	2015	2014
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
Balance at beginning and end of financial year	1,045,295,233	1,045,295,233	481,785	481,785

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

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

17. Treasury shares

	Group and Company			
	2015	2014	2015	2014
	Number of ordinary shares		$'000	$'000
At beginning of the financial year	27,896,000	19,932,000	24,065	21,383
Repurchase during the financial year	26,237,800	7,964,000	8,665	2,682
At end of the financial year	54,133,800	27,896,000	32,730	24,065

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.

18. Accumulated profits/(losses) and other reserves

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Revaluation reserve[1]	6,986	7,181	-	-
Foreign currency translation reserve[2]	17,859	(14,791)	-	-
Share-based payments reserve[3]	2,453	2,453	2,453	2,453
Accumulated profits/(losses)	89,643	111,132	(54,729)	(60,721)
	116,941	105,975	(52,276)	(58,268)

18. Accumulated profits/(losses) and other reserves (Continued)

[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.

[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.

19. Revenue

	Group	
	2015	2014 (Restated)
	$'000	$'000
Course fees	97,893	102,366
Rental income from investment properties	14,326	13,323
Utility income from investment properties	3,551	3,447
Other fees	3,190	4,644
Registration fees	839	1,008
Canteen operation	96	51
	119,895	124,839

20. Other operating income

	Group 2015 $'000	Group 2014 (Restated) $'000
Continuing operations:		
Interest income	1,241	1,554
Foreign exchange gain	5,541	2,109
Gain on disposal of investment properties	-	45,460
Gain on disposal of property, plant and equipment	29	28
Government grant	-	5,954
Compensation income	-	4,065
Net reversal on provision for land restructuring cost	403	-
Others	700	975
	7,914	60,145
Discontinued operations (Note 25):		
Foreign exchange gain	-	322
Others	-	5
	-	327
	7,914	60,472

Government grant for financial year 2014 mainly relates to grant received by the subsidiaries of OUC from government authorities as fund for education development.

21. Personnel expenses

	Group 2015 $'000	Group 2014 (Restated) $'000
Salaries, bonuses and allowances	39,335	47,704
Contributions to defined contribution plans	4,811	6,453
Other social expenses	1,459	1,751
	45,605	55,908

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

Notes to the Financial Statements
For the financial year ended 30 June 2015

22. Finance costs

	Group 2015 $'000	Group 2014 $'000
Interest expenses:		
- Bank borrowings	5,001	3,125
- Unsecured Notes	8,455	8,136
- Unwinding of effect of discounting	-	572
	13,456	11,833

23. Profit before income tax

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

	Group 2015 $'000	Group 2014 (Restated) $'000
Allowance for doubtful trade receivables (Note 11)	180	18
Reversal of allowance for doubtful trade receivables (Note 11)	-	(54)
Bad trade receivables written off	203	263
Audit fees paid to auditors:		
- Auditor of the Company	396	394
- Other auditors	482	462
Non-audit fee paid to:		
- Auditor of the Company	21	21
- Other auditors	558	655
Foreign exchange loss, net	213	1,540
(Gain)/loss on disposal of property, plant and equipment, net	(19)	231
Royalty, registration and administration fees	6,411	2,974
Operating lease expenses		
- Rental of premises	8,079	9,012
- Rental of equipment	142	121
Marketing and advertisement expenses	5,880	5,569
Property, plant and equipment written off	4	2
Reversal of government grant receivable for land restructuring	403	-
Compensation for early termination of tenancy agreement and demolition of car park	1,003	3,916
Utilities	5,940	6,061
Professional fees	5,073	5,088
Repair and maintenance	3,887	5,961

24. Income tax expense

	Group 2015 $'000	Group 2014 (Restated) $'000
Income tax		
- Current financial year	2,116	32,955
- Overprovision in prior financial years	(6,297)	(3)
	(4,181)	32,952
Deferred tax		
- Current financial year	7,128	(11,337)
- Under/(Over)provision in prior financial years	21	(7)
	7,149	(11,344)
	2,968	21,608

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% (2014: 17%) to profit before income tax as a result of the following differences:

	Group 2015 $'000	Group 2014 (Restated) $'000
Profit before income tax	22,339	80,109
Income tax calculated at statutory rate of 17% (2014: 17%)	3,798	13,619
Tax effect of income not subject to taxation	(25)	(603)
Tax exemption	(1,429)	(2,637)
Tax effect of non-allowable expenses	3,197	926
Utilisation of deferred tax assets previously not recognised	(56)	-
Deferred tax assets not recognised for current financial year	314	1,732
Effect of different tax rates of overseas operations	3,445	8,581
Overprovision in prior financial years	(6,276)	(10)
Total income tax expense	2,968	21,608

Subject to the agreement by relevant tax authorities, at the reporting date, the Group has unutilised tax losses of $13.9 million (2014: $12.0 million) available for offset against future profits and 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.

Notes to the Financial Statements
For the financial year ended 30 June 2015

25. 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 2015 $'000	Group 2014 $'000
Result of discontinued operations:		
Other operating income (Note 20)	-	327
Expenses	-	(564)
Loss before income tax from discontinued operations	-	(237)
Income tax expense	-	-
Net loss from discontinued operations	-	(237)

Statement of cash flows disclosure

The cash flows attributable to discontinued operations are as follows:

	Group 2015 $'000	Group 2014 $'000
Net cash used in operating activities, representing net cash used in discontinued operations	-	(222)

26. 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 2015 $'000	Group 2014 $'000
Profit attributable to equity holders of the Company	16,983	55,374

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

Number of shares

	Group			
	2015		2014	
	Basic	Diluted	Basic	Diluted
Weighted average number of ordinary shares used ('000)	1,009,532	1,009,532	1,024,974	1,024,974

2,860,000 (2014: 3,147,000) 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.

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:

	2015 $'000	2014 $'000
Earnings figures are calculated as follows:		
Profit for the year attributable to equity holders of the Company	16,983	55,374
Add: loss for the year from discontinued operations (Note 25)	-	237
Earnings for the purposes of basic and diluted earnings per share from continuing operations	16,983	55,611

From discontinued operations:

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

27. Dividends

	2015 $'000	2014 $'000
Final tax exempt dividend paid in respect of previous financial year of 1.0 cent (2014: Nil) per ordinary share	10,162	-

The Directors of the Company proposed a final tax exempt dividend of 1.0 cent (2014: 1.0 cent) per ordinary share under one-tier system. The proposed dividends are subjected to the approval by the shareholders of the Company at the forthcoming Annual General Meeting.

28. 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.

(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:

	2015		2014	
	Number of share options ('000)	Weighted average exercise price $	Number of share options ('000)	Weighted average exercise price $
Outstanding at beginning of financial year	3,147	1.173	3,543	1.187
Expired/cancelled	(287)	(1.285)	(396)	(1.300)
Outstanding at end of financial year	2,860	1.161	3,147	1.173
Exercisable as at end of financial year	2,860	-	3,147	-

No share options were granted during the financial year.

28. 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* $
12.10.2005	5.6	21	2.90	10	0.6675	0.6675
23.11.2006	2.3	34	3.08	10	2.4450	2.4450
31.1.2008	2.1	30	2.41	10	3.7050	3.7050
2.2.2009	5.3	30	2.07	10	1.5900	1.5450
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	0.4620	0.4900

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

29. Acquisition of subsidiary

Acquisition in financial year 2014

Acquisition of Gelin Nursery School of Suzhou National New & Hi-tech Industrial Development Zone ("SZGL")

In previous financial year 2014, the Group entered into an Operation Right Transfer Agreement ("ORTA") on 10 December 2013, with Suzhou City Montessori Pre-School Education Management Co., Ltd ("SZMEM") to acquire the entire interest in SZGL for consideration of RMB 9.5 million. On the same date, the Group also entered into various Property Sales and Purchase Framework Agreements ("Property S&P") with the SZMEM's shareholders and their relatives who own the properties that currently being used by SZGL for a consideration of RMB 14.5 million. The total consideration for the ORTA and Property S&P amounted to approximately $5.0 million (RMB 24 million).

29. Acquisition of subsidiary (Continued)

Acquisition in financial year 2014 (Continued)

Acquisition of Gelin Nursery School of Suzhou National New & Hi-tech Industrial Development Zone ("SZGL") (Continued)

Under the ORTA, it is agreed that with effect from 1 February 2014, all revenue received or receivable shall belong to the Group while SZMEM shall assume all profits and losses of SZGL prior to 1 February 2014. In addition, all debt and working capital shall be assumed by SZMEM before completion. The acquisition of SZGL and the properties were completed in February 2014.

SZGL will be the Group's second pre-school (after Raffles American School) and the acquisition allows the Group to start its expansion into the pre-school market in China.

The fair values of the identifiable assets and liabilities acquired and the cash flows effect of SZGL as at the date of acquisition were:

	Fair value recognised on date of acquisition $'000
Property, plant and equipment (Note 4)	4,954
Net identifiable assets at fair value	4,954
Goodwill arising from acquisition (Note 10)	16
Total purchase consideration	4,970
Amount outstanding to vendor	(196)
Net cash outflows on acquisition of subsidiary	4,774

The goodwill is not expected to be deductible for tax purposes.

There is no significant transaction costs related to the acquisition of SZGL.

From the date of acquisition, SZGL has contributed $415,000 and $133,000 to the revenue and profit net of tax of the Group respectively for the financial year ended 30 June 2014. If the combination had taken place at the beginning of the financial year, the Group's revenue and profit, net of tax would have been $996,000 and $319,000 respectively.

30. Contingent liabilities

Group

(a) The Company and three of its subsidiaries are involved in two separate 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.

(b) 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 2015 and 2014, 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

(c) As at 30 June 2015, the Company had given guarantees amounting to $121.0 million (2014: $62.4 million) to banks in respect of banking facilities granted to the subsidiary (Note 14) and the guarantees amount represents the maximum exposure.

(d) As at 30 June 2015, the Company has given guarantee amounting to $23.1 million (2014: $25.2 million) to EISB in respect of the outstanding payable to the purchase of land (Note 13(b)).

(e) As at the reporting date, the Company has undertaken to provide continued financial support to certain subsidiaries which are showing shareholder's deficit of $31.7 million (2014: $31.3 million).

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

31. Commitments

(a) Capital commitments and other commitment

(i) Capital expenditure contracted for as at the end of the financial year but not recognised in the financial statements are as follows:

	Group 2015 $'000	Group 2014 (Restated) $'000
Capital commitments in respect of property, plant and equipment	192,045	33,216

(ii) Other commitment

During the year, the Group has entered into a sale and purchase agreement to acquire the 42% equity interest in the joint venture, ERHEL. Outstanding purchase consideration not recognised in the financial statements amounted to $20,680,000. The transaction has not been completed as at the date of the financial statements.

(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 and equipment were as follows:

	Group 2015 $'000	Group 2014 (Restated) $'000
Future minimum lease payments payable:		
Within one financial year	2,781	5,631
After one year but within five financial years	2,620	4,315
After five financial years	21,073	19,870
	26,474	29,816

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.

31. Commitments (Continued)

(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	
	2015	2014 (Restated)
	$'000	$'000
Future minimum lease payments receivable:		
Within one financial year	1,410	639
After one year but within five financial years	3,560	1,196
After five financial years	1,895	-
	6,865	1,835

The Group leased out commercial space to non-related parties under non-cancellable operating leases. Majority of 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 apply:

(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.

Notes to the Financial Statements
For the financial year ended 30 June 2015

32. Significant related party transactions (Continued)

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:

	Group		Company	
	2015	2014 (Restated)	2015	2014
	$'000	$'000	$'000	$'000
With associates				
Settlement of liabilities on behalf for associates	14	5	14	5
Dividend income	88	-	88	-
With joint venture				
Settlement of liabilities on behalf for joint venture	104	-	104	-
Waiver of debt	-	(53)	-	(53)
With subsidiaries				
Settlement of liabilities on behalf for/(by) subsidiaries	-	-	(1,279)	3,485
Dividend income	-	-	24,683	38,430
Interest income	-	-	689	43
Management service fee income	-	-	1,408	2,618
Recharge of rental and utilities	-	-	(480)	(480)
Waiver of inter-company debt	-	-	8,106	-
Consultancy fees income	-	-	874	851

Key management personnel remuneration

	Group	
	2015	2014
	$'000	$'000
Directors' fees	265	265
Salaries and other short-term employee benefits	2,683	6,764
	2,948	7,029

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 ("key management"). The above amounts for key management personnel compensation are for the Directors and key management of the Company (including directors' fees of Non-Executive Directors).

33. Report by segments

As part of the Group's evolving business strategies and plans, commencing from financial year 2015, the Group has made changes to certain business segments including creation of a new segment being Real Estate Investment & Development and inclusion of Raffles K12 segment under the Private Education System, and the comparative was reclassified accordingly.

The Group's five reportable segments are as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different skill sets and marketing strategies.

For each of the strategic business units, the Group's Chief Executive Officer reviews internal management reports on a regular basis. The following summary describes the operations in each of the Group's reportable segments:

- 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.

  The Group also participates in pre-tertiary education. This segment includes RAS, 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 and SZGL which offers only pre-school classes in China.

- 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.

- Education Facilities Rental Service

  This segment refers to OUCHK which is listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited. OUCHK engages in education facilities leasing and commercial leasing for supporting facilities. OUCHK currently owns and leases out certain investment properties to colleges in Oriental University City, located at Langfang Economic and Technical Development Zone in Langfang City, Hebei province, China.

33. Report by segments (Continued)

- Real Estate Investment & Development

  The Group participates in opportunity Real Estate Investments and Development. The ownership of these properties generates a stream of stable and recurring rental income. When opportunity arise, the Group may divest these properties.

- Corporate & 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.

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 property, plant and equipment, investment properties, available-for-sale financial assets, inventories and operating receivables, net of allowances and provisions. Segment liabilities include all operating liabilities and consist principally of trade and other payables and borrowings.

Capital expenditure includes the total cost incurred to acquire property, plant and equipment, investment properties, and intangible assets directly attributable to the segment.

33. Report by segments (Continued)

	Private Education System $'000	National Education System $'000	Education Facilities Rental Service $'000	Real Estate Investment & Development $'000	Corporate & Others $'000	Total $'000
2015						
Continuing operations:						
Revenue from external customers	72,015	30,017	13,149	4,616	98	119,895
Inter-segment revenue	3,268	-	-	744	44,403	48,415
Interest income	499	305	45	382	10	1,241
Fair value gain on investment properties, net	-	-	7,458	15,540	33	23,031
Finance costs	(5)	-	-	(1,066)	(12,385)	(13,456)
Depreciation and amortisation	(2,508)	(3,816)	(88)	(1,238)	(3,390)	(11,040)
Share of results from joint ventures	-	-	-	-	901	901
Share of results from associates	(75)	-	-	-	127	52
Reportable segment profit/(loss) before income tax	21,376	7,145	12,431	7,689	(26,302)	22,339
Net profit/(loss) for the financial year	20,109	7,145	9,601	9,061	(26,545)	19,371
Other information:						
Additions to property, plant and equipment	16,976	2,472	3,009	16,859	8,329	47,645
Additions to investment properties	-	-	185	58,790	10,347	69,322
Additions to intangible assets	-	-	-	-	2	2
Investment in joint ventures	-	-	-	-	67,863	67,863
Investment in associates	883	-	-	-	513	1,396
Segment assets	100,437	116,102	198,729	398,311	184,901	998,480
Segment liabilities	(82,314)	(5,815)	(2,902)	(56,669)	(369,332)	(517,032)

Notes to the Financial Statements
For the financial year ended 30 June 2015

33. Report by segments (Continued)

	Private Education System $'000	National Education System $'000	Education Facilities Rental Service $'000	Real Estate Investment & Development $'000	Corporate & Others $'000	Total $'000
2014 (Restated)						
Continuing operations:						
Revenue from external customers	73,038	27,706	12,355	11,646	94	124,839
Inter-segment revenue	3,868	-	-	291	91,717	95,876
Interest income	422	295	253	582	2	1,554
Fair value gain on investment properties	1,509	-	1,981	3,578	263	7,331
Gain on disposal of investment properties	-	-	-	45,460	-	45,460
Finance costs	(575)	-	-	(204)	(11,054)	(11,833)
Depreciation and amortisation	(3,530)	(2,957)	(174)	(3,076)	(4,570)	(14,307)
Share of results from joint ventures	-	-	-	-	30,116	30,116
Share of results from associates	(22)	-	-	-	150	128
Reportable segment profit/(loss) before income tax	24,710	7,609	9,609	42,740	(4,559)	80,109
Net profit/(loss) for the financial year	24,085	7,609	8,894	23,245	(5,332)	58,501
Discontinued operations:						
Net loss for the financial year	(237)	-	-	-	-	(237)

33. Report by segments (Continued)

	Private Education System $'000	National Education System $'000	Education Facilities Rental Service $'000	Real Estate Investment & Development $'000	Corporate & Others $'000	Total $'000
2014 (Restated)						
Other information:						
Additions to property, plant and equipment	3,723	5,677	9,489	2,039	269	21,197
Additions to property, plant and equipment from acquisition of subsidiary	4,954	-	-	-	-	4,954
Additions to investment properties	-	-	-	1,960	-	1,960
Additions to intangible assets	-	-	-	-	418	418
Additions to goodwill arising from acquisition of subsidiary	16	-	-	-	-	16
Investment in joint ventures	-	-	-	-	66,828	66,828
Investment in associates	959	-	-	-	473	1,432
Segment assets	90,706	107,570	172,185	300,237	180,043	850,741
Segment liabilities	(78,174)	(8,596)	(8,477)	(17,765)	(290,566)	(403,578)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities:

	2015 $'000	2014 (Restated) $'000
Revenue		
Total revenues for reportable segments	168,310	220,715
Elimination of inter-segment revenues	(48,415)	(95,876)
Consolidated revenue	119,895	124,839
Assets		
Total assets for reportable segments	998,480	850,741
Investments in joint ventures	67,863	66,828
Investments in associates	1,396	1,432
Unallocated assets	199,343	174,571
Consolidated total assets	1,267,082	1,093,572

34. Report by segments (Continued)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities: (Continued)

	2015 $'000	2014 (Restated) $'000
Liabilities		
Total liabilities for reportable segments	(517,032)	(403,578)
Unallocated liabilities	(90,675)	(86,709)
Consolidated total liabilities	(607,707)	(490,287)

Geographical segments

The Group operates in five main geographical regions, namely Asean, North Asia, South Asia, Australasia and Europe.

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.

Non-current assets consist of property, plant and equipment, investment properties, investment in joint ventures, investment in associates, intangible assets and other receivables.

	Asean $'000	North Asia $'000	South Asia $'000	Australasia $'000	Europe $'000	Total $'000
2015						
Continuing operations:						
Revenue from external customers	35,472	68,702	3,316	12,143	262	119,895
Non-current assets	275,707	560,490	6,076	54,247	39,430	935,950
2014 (Restated)						
Continuing operations:						
Revenue from external customers	35,644	73,118	3,376	12,701	-	124,839
Non-current assets	253,554	513,829	6,043	12,849	-	786,275

The discontinued operations are solely from Asean geographical segment.

Singapore and People's Republic of China contributed revenue of $23,474,000 and $67,642,000 (2014: $25,846,000 and $71,970,000) respectively. Non-current assets in Singapore and People's Republic of China amounted to $158,145,000 and $559,507,000 (2014: $160,076,000 and $512,749,000) respectively.

35. 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.

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 also has credit exposure arising from receivables from sale of interest in joint venture and investment properties.

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 of the Group and the Company.

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.

(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 (2014: 100 basis point), with all other variables held constant.

	2015		**2014**	
	Increase interest rate (basis point)	**Decrease in profit $'000**	**Increase interest rate (basis point)**	**Decrease in profit $'000**
Group				
Borrowings	100	(1,867)	100	(1,272)
Company				
Borrowings	100	(1,075)	100	(648)

A 100 basis point decrease in interest rates would have an equal but opposite effect.

35. Financial risk management (Continued)

(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.

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 2015 and 30 June 2014 were as follows:

Group	**Note**	**SGD $'000**	**RMB $'000**	**USD $'000**	**AUD $'000**	**Others $'000**	**Total in SGD equivalents $'000**
2015							
Available-for-sale financial assets	9	-	658	-	3,865	-	4,523
Trade and other receivables		50,530	169,748	79	318	4,988	225,663
Cash and bank balances	12	16,799	47,321	115	2,656	14,013	80,904
Restricted bank balances	12	-	-	-	-	2,890	2,890
Trade and other payables		(23,182)	(23,412)	(16)	(3,315)	(58,560)	(108,485)
Borrowings	14	(344,535)	-	-	(22,740)	(23,292)	(390,567)
		(300,388)	194,315	178	(19,216)	(59,961)	(185,072)
Less: net (assets)/ liabilities denominated in respective entities' functional currencies		300,774	(194,345)	(168)	23,081	67,032	196,374
Currency exposure		386	(30)	10	3,865	7,071	11,302
2014 (Restated)							
Available-for-sale financial assets	9	-	610	-	-	-	610
Trade and other receivables		66,490	167,684	63	622	2,683	237,542
Cash and bank balances	12	5,432	42,764	111	4,796	4,958	58,061
Trade and other payables		(24,481)	(31,829)	(25)	(2,385)	(57,459)	(116,179)
Borrowings	14	(265,691)	-	-	-	-	(265,691)
		(218,250)	179,229	149	3,033	(49,818)	(85,657)
Less: net (assets)/ liabilities denominated in respective entities' functional currencies		219,638	(180,790)	(130)	(3,033)	48,287	83,972
Currency exposure		1,388	(1,561)	19	-	(1,531)	(1,685)

35. 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 increase the Group's profit before income tax by approximately $565,000 (2014: approximately $84,000 decrease). 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
2015							
Trade and other receivables		230,653	28,387	6,806	9,588	54,722	330,156
Cash and bank balances	12	14,119	-	1	-	1	14,121
Trade and other payables		(47,615)	(57,443)	-	(391)	(14)	(105,463)
Borrowings	14	(269,592)	-	-	-	-	(269,592)
		(72,435)	(29,056)	6,807	9,197	54,709	(30,778)
Less: net liabilities denominated in functional currency		72,435	-	-	-	-	72,435
Currency exposure		-	(29,056)	6,807	9,197	54,709	41,657
2014							
Trade and other receivables		235,744	22,315	7,502	-	10,983	276,544
Cash and bank balances	12	816	-	1	-	282	1,099
Trade and other payables		(44,923)	(14,571)	(37,241)	(5,139)	(487)	(102,361)
Borrowings	14	(203,308)	-	-	-	-	(203,308)
		(11,671)	7,744	(29,738)	(5,139)	10,778	(28,026)
Less: net liabilities denominated in functional currency		11,671	-	-	-	-	11,671
Currency exposure		-	7,744	(29,738)	(5,139)	10,778	(16,355)

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 $2,083,000 (2014: approximately $818,000 decrease). 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.

(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.

Notes to the Financial Statements
For the financial year ended 30 June 2015

35. Financial risk management (Continued)

(d) Liquidity risk (Continued)

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**	**More than 1 financial year $'000**	**Total $'000**	**Carrying amount $'000**
2015				
Trade and other payables	66,381	44,004	110,385	108,485
Borrowings	270,545	147,190	417,735	390,567
	336,926	191,194	528,120	499,052
2014 (Restated)				
Trade and other payables	70,176	48,083	118,259	116,179
Borrowings	81,554	206,608	288,162	265,691
	151,730	254,691	406,421	381,870
Company				
2015				
Trade and other payables	105,463	-	105,463	105,463
Borrowings	193,997	93,403	287,400	269,592
	299,460	93,403	392,863	375,055
2014				
Trade and other payables	102,361	-	102,361	102,361
Borrowings	74,865	148,966	223,831	203,308
	177,226	148,966	326,192	305,669

(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.

36. 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 net tangible assets.

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 bank balances (including restricted bank balances). Total capital refers to equity attributable to the equity holders of the Company.

	Group	
	2015	2014 (Restated)
	$'000	$'000
Net debt	306,773	207,630
Total capital	565,996	563,695
Net gearing ratio	54%	37%

The Group and the Company are in compliance with all externally imposed capital requirements for both the financial year ended 30 June 2015 and 30 June 2014.

Apart from the above, the Group's current overall strategy remains unchanged for financial year ended 30 June 2015 and 2014.

Notes to the Financial Statements
For the financial year ended 30 June 2015

37. Properties of the Group

Location	Description	Existing use	Tenure	Unexpired lease term (years)	Site area ('000 sqm)	Gross floor area ('000 sqm)
(a) No. 1 Chuangye Road, Hefei City, Anhui Province, the PRC	Education college	Education facilities and hostels	Leasehold	28 - 51	111	94
(b) No. 28, Jinjing Road, Xiqing District, Tianjin City, the PRC	Education college	Education facilities and hostels	Leasehold	37	112	31
(c) Room 101, 202, 301, 302 Block 5, No 203 Tower Road, Suzhou National New and Hi-Tech Industrial Development Zone	Kindergarten	Kindergarten facilities	Leasehold	51	0.5	2
(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	34 - 39	932	584
(e) Raffles Education Square 51 Merchant Road Singapore	Commercial development of multi storey office block and conservation shophouses	Education facilities	Leasehold	77	3	7

37. Properties of the Group (Continued)

Location	Description	Existing use	Tenure	Unexpired lease term (years)	Site area ('000 sqm)	Gross floor area ('000 sqm)
(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 154979	University campus development	Construction and development phase	Freehold	-	263	-
(g) Soi Bangna – Trat 37 Bangkaew Sub-district Bang Phli District Samut Prakarn Province, Thailand#	Education college	Construction and development phase	Freehold	-	45	-
(h) Mukim of Pulai, Lot 143116 District of Johor Bahru State of Johor, Malaysia	Education college	Construction and development phase	Freehold	-	186	-
(i) Kadirana North Village Dunagaha Pattu of Aluthkorale @ Katana in Gampaha District Western Province of Sri Lanka	University campus development	Vacant	Freehold	-	97	-
(j) 94 Mandurah Terrace, Mandurah, Western Australia#	Commercial/ residential/ education development	Vacant	Freehold	-	2	-

37. Properties of the Group (Continued)

Location	Description	Existing use	Tenure	Unexpired lease term (years)	Site area ('000 sqm)	Gross floor area ('000 sqm)
(k) Chemin des Cibles 17 1997 Haute-nendaz Switzerland	Hotels and commercial units	Hotel and commercial unit	Freehold	-	6	11
(l) 1 - 3 Fitzwilliam Street, Parramatta, New South Wales, Australia#	Commerical building	Education facilities and office use	Freehold	-	2	10

Valuation performed in financial years 2014 and 2015 by independent professional valuers, as referred to in Note 5 of the financial statements.

Statistics of Shareholdings

Size of Shareholdings as at 15 September 2015

Size of Shareholdings	No. of Shareholders	Percentage	No. of Shares Held (excluding treasury shares)	Percentage
1 - 99	432	4.04%	12330	0.00%
100 - 10,00	1171	10.96%	764,339	0.08%
1,000 - 10,000	5366	50.23%	26,631,085	2.72%
10,001 - 1,000,000	3,656	34.23%	175,293,233	17.93%
1,000,001 and above	57	0.53%	774,966,046	79.27%
	10,682	100%	977,667,033	100%

Issued and fully paid-up capital	: S$486,372,541.86
Number of issued shares and paid-up shares (excluding treasury shares)	: 977,667,033
Number of treasury shares held	: 67,628,200
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 6.92%

Based on information available to the Company as at 15 September 2015, approximately 53.89% 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 15 September 2015

S/No.	Name	No. of Shares	Percentage
1	CITIBANK NOMS S'PORE PTE LTD	73,024,823	7.47%
2	CHEW HUA SENG OR DORIS CHUNG GIM LIAN	69,245,972	7.08%
3	OEI HONG LEONG	61,510,000	6.29%
4	MAYBANK NOMINEES (S) PTE LTD	58,605,200	5.99%
5	SING INVEST & FIN NOMINEES PL	55,500,000	5.68%
6	SBS NOMINEES PTE LTD	42,059,999	4.30%
7	RAFFLES NOMINEES (PTE) LTD	33,166,473	3.39%
8	OEI HONG LEONG ART MUSEUM LIMITED	30,348,800	3.10%
9	DBS NOMINEES PTE LTD	27,650,723	2.83%
10	DORIS CHUNG GIM LIAN	26,187,046	2.68%
11	OCBC SECURITIES PRIVATE LTD	25,081,920	2.57%
12	HL BANK NOMINEES (S) PTE LTD	24,184,000	2.47%
13	UNITED OVERSEAS BANK NOMINEES	24,097,301	2.46%
14	BANK OF S'PORE NOMS PTE LTD	20,429,398	2.09%
15	WATERWORTH PTE LTD	18,000,000	1.84%
16	CIMB SEC (S'PORE) PTE LTD	16,069,373	1.64%
17	CHEW HUA SENG	15,147,032	1.55%
18	LIM & TAN SECURITIES PTE LTD	13,819,695	1.41%
19	TOMMIE GOH THIAM POH	11,024,729	1.13%
20	DBS VICKERS SECS (S) PTE LTD	10,298,723	1.05%
		655,451,207	67.04%

Statistics of Shareholdings

Size of Shareholdings as at 15 September 2015

Substantial Shareholders

As shown in the Register of Substantial Shareholders

Name of Shareholders	No of Shares Direct Interest	No of Shares Deemed Interest
Chew Hua Seng[1][2]	330,895,853	26,187,046
Doris Chung Gim Lian[1][2]	151,533,018	205,549,881
Oei Hong Leong[3]	61,510,000	30,267,900

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 125,345,972 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 Museum Limited ("OHLAM") due to his direct interests of 90% in the ultimate holding company of OHLAM.

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Corporate Information

Board of Directors
Mr Chew Hua Seng
(Chairman & CEO)

Mr Henry Tan Song Kok
(Lead Independent Director)

Mr Lim Tien Lock, Christopher
(Independent Director)

Dr Tan Chin Nam
(Independent Director)

Mr Teo Cheng Lok John
(Independent Director)

Mr Chew Kok Chor
(Executive Director & Deputy CEO)

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

Risk Management Committee
Mr Lim Tien Lock, Christopher
(Chairman)
Dr Tan Chin Nam
Mr Teo Cheng Lok John

Nomination Committee
Dr Tan Chin Nam
(Chairman)
Mr Chew Hua Seng
Mr Lim Tien Lock, Christopher

Remuneration Committee
Mr Teo Cheng Lok John
(Chairman)
Mr Lim Tien Lock, Christopher
Dr Tan Chin Nam

Company Secretary
Mr Keloth Raj Kumar

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Audit Partner: Mr Ng Kian Hui
Appointed with effect from financial year 2013

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Share Registrar
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25 YEARS OF Success by Design

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