

QUARTERLY FINANCIAL RESULTS AND DIVIDEND ANNOUNCEMENT

INFORMATICS EDUCATION LTD

(Company Registration number: 198303419G)

The Board of Directors of Informatics Education Ltd is pleased to announce the unaudited consolidated results for the financial period ended 30 September 2013:-

- 1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	Q2 FY2014	Q2 FY2013	% Change	1H FY2014	1H FY2013	% Change
Revenue	7,037	8,165	-14%	13,117	13,613	-4%
Employee benefits expense	(2,510)	(2,381)	5%	(5,199)	(5,467)	-5%
Depreciation of property, plant and equipment	(260)	(266)	-2%	(530)	(529)	0%
Other operating expenses	(3,974)	(4,918)	-19%	(6,515)	(8,177)	-20%
Profit / (loss) from operations	293	600	-51%	873	(560)	N/M
Interest income	58	51	14%	112	108	4%
Profit / (loss) before taxation	351	651	-46%	985	(452)	N/M
Taxation	(17)	(13)	31%	(33)	(39)	-15%
Profit / (loss) after tax	334	638	-48%	952	(491)	N/M
Profit / (loss) attributable to :						
Equity holders of the Company	334	638	-48%	952	(491)	N/M
	334	638	-48%	952	(491)	N/M

Consolidated Statement of Comprehensive income

	Group			Group		
	Q2 FY2014	Q2 FY2013	% Change	1H FY2014	1H FY2013	% Change
Profit / (loss) after tax	334	638	-48%	952	(491)	N/M
Other comprehensive income :						
Foreign currency translation	118	290	-59%	34	264	-87%
Other comprehensive income for the financial period, net of tax	118	290	-59%	34	264	-87%
Total comprehensive income for the financial period	452	928	-51%	986	(227)	N/M
Total comprehensive income attributable to :						
Equity holders of the Company	452	928	-51%	986	(227)	N/M
	452	928	-51%	986	(227)	N/M

Group S\$'000			Group S\$'000		
Q2 FY2014	Q2 FY2013	% Change	1H FY2014	1H FY2013	% Change

1 (a)(i) Notes to income statement

Profit / (loss) is stated after charging / (crediting) :

Allowance for doubtful receivables	11	393	-97%	54	371	-85%
Bad debts written-off	4	1	N/M	54	1	N/M
Net loss on disposal of property, plant and equipment	2	33	-94%	2	20	-90%
Sundry income	(105)	(111)	-5%	(622)	(180)	N/M
Foreign exchange loss / (gain), net	71	331	-79%	(72)	312	N/M
Operating lease expenses	717	839	-15%	1,427	1,681	-15%
Under provision of tax in respect of prior years	-	-	N/M	-	8	-100%

(a)(ii) Other operating expenses declined by \$0.9 million (19%) to \$4.0 million as compared with prior corresponding period. The decline can be attributed to the lower doubtful debt provision, lease, operating expenses and exchange losses, partially offset by higher advertising & promotion expenses.

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

	Group S\$'000 30.09.13	Group S\$'000 31.03.13	Change %	Company S\$'000 30.09.13	Company S\$'000 31.03.13	Change %
NON-CURRENT ASSETS						
Property, plant and equipment	1,498	1,822	-18%	584	691	-15%
Intangible assets	40	45	-11%	-	-	-
Investment in subsidiaries	-	-	-	22,359	22,359	-
	1,538	1,867	-18%	22,943	23,050	0%
CURRENT ASSETS						
Prepayments	967	791	22%	104	163	-36%
Trade and other receivables	5,212	3,407	53%	1,799	2,236	-20%
Cash and cash equivalents	29,721	32,119	-7%	3,410	3,240	5%
Restricted cash at bank	158	160	-1%	-	-	-
	36,058	36,477	-1%	5,313	5,639	-6%
CURRENT LIABILITIES						
Deferred income and fees	6,403	6,968	-8%	216	370	-42%
Trade and other payables	6,734	7,882	-15%	3,751	4,509	-17%
Provision	270	270	-	148	148	-
Accruals for withholding tax	268	243	10%	266	241	10%
Income tax payable	16	16	-	-	-	-
	13,691	15,379	-11%	4,381	5,268	-17%
NET CURRENT ASSETS	22,367	21,098	6%	932	371	N/M
TOTAL NET ASSETS	23,905	22,965	4%	23,875	23,421	2%
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY						
Share capital	29,904	29,902	0%	29,904	29,902	0%
Reserves	(5,999)	(6,937)	-14%	(6,029)	(6,481)	-7%
TOTAL EQUITY	23,905	22,965	4%	23,875	23,421	2%

(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

NIL

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

	Group		Group	
	S\$'000	S\$'000	S\$'000	S\$'000
	Q2 FY2014	Q2 FY2013	1H FY2014	1H FY2013
Cash flow from operating activities				
Profit / (loss) before taxation	351	651	985	(452)
Adjustments for :				
Depreciation of property, plant and equipment	260	266	530	529
Amortisation of intangible assets	9	14	17	26
Net loss on disposal of property, plant and equipment	2	33	2	20
Intangible assets written-off	-	(16)	-	-
Allowance for doubtful receivables	11	393	54	371
Bad debts written-off	4	1	54	1
Write-back of deposit received	-	-	(500)	-
Employee share option expense / (write-back)	-	6	(47)	(38)
Interest income	(58)	(51)	(112)	(108)
Unrealised exchange loss / (gain)	57	390	(136)	347
Operating profit before working capital changes	636	1,687	847	696
Increase in prepayments, trade and other receivables	(990)	(982)	(2,067)	(777)
Decrease in cash held in escrow account	1	12	2	41
(Decrease) / increase in deferred income and fees	(495)	(862)	(565)	778
Increase / (decrease) in trade and other payables and accruals for withholding tax	202	(268)	(648)	(1,442)
Cash used in operations	(646)	(413)	(2,431)	(704)
Interest received	45	191	90	192
Tax paid	(4)	(9)	(8)	(13)
Net cash used in operating activities	(605)	(231)	(2,349)	(525)
Cash flow from investing activities				
Purchase of property, plant and equipment	(65)	(291)	(196)	(422)
Expenditure on intangible assets	(9)	(22)	(9)	(28)
Proceeds from disposal of property, plant and equipment	2	7	2	65
Net cash used in investing activities	(72)	(306)	(203)	(385)
Cash flow from financing activity				
Proceeds from exercise of employee share options	1	-	1	27
Net cash generated from financing activity	1	-	1	27
Net decrease in cash and cash equivalents	(676)	(537)	(2,551)	(883)
Cash and cash equivalents at the beginning of the financial period	30,343	30,985	32,119	31,309
Effects of exchange rate changes on opening cash and cash equivalents	54	(102)	153	(80)
Cash and cash equivalents at the end of the financial period	29,721	30,346	29,721	30,346
Short-term deposits	20,170	19,133	20,170	19,133
Cash at bank and on hand*	9,551	11,213	9,551	11,213
	29,721	30,346	29,721	30,346

Notes to Cash Flow Statement

* Cash at bank and on hand exclude \$158,188 (Q2FY2013: \$170,323) held in trust for international students of a subsidiary in Singapore, which is required under Student Fee Protection Scheme.

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

Statement of Changes in Equity

	Attributable to equity holders of the Company					
	Share Capital	Accumulated Losses	Employee Share Option Reserve	Translation Reserve	Total Reserves	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group						
Balance at 01.04.13	29,902	(5,577)	124	(1,484)	(6,937)	22,965
Profit for the financial period	-	618	-	-	618	618
Other comprehensive income for the financial period	-	-	-	(84)	(84)	(84)
Total comprehensive income for the financial period	-	618	-	(84)	534	534
Write-back of equity-settled share options	-	-	(47)	-	(47)	(47)
Balance at 30.06.13	29,902	(4,959)	77	(1,568)	(6,450)	23,452
Profit for the financial period	-	334	-	-	334	334
Other comprehensive income for the financial period	-	-	-	118	118	118
Total comprehensive income for the financial period	-	334	-	118	452	452
Shares issued due to exercise of employee share options	2	-	(1)	-	(1)	1
Balance at 30.09.13	29,904	(4,625)	76	(1,450)	(5,999)	23,905
Balance at 01.04.12	29,566	(8,517)	394	(1,424)	(9,547)	20,019
Loss for the financial period	-	(1,129)	-	-	(1,129)	(1,129)
Other comprehensive income for the financial period	-	-	-	(26)	(26)	(26)
Total comprehensive income for the financial period	-	(1,129)	-	(26)	(1,155)	(1,155)
Shares issued due to exercise of employee share options	44	-	(17)	-	(17)	27
Write-back of equity-settled share options	-	-	(44)	-	(44)	(44)
Expiry of employee share options	-	33	(33)	-	-	-
Balance at 30.06.12	29,610	(9,613)	300	(1,450)	(10,763)	18,847
Profit for the financial period	-	638	-	-	638	638
Other comprehensive income for the financial period	-	-	-	290	290	290
Total comprehensive income for the financial period	-	638	-	290	928	928
Grant of equity-settled share options	-	-	6	-	6	6
Balance at 30.09.12	29,610	(8,975)	306	(1,160)	(9,829)	19,781

- 1 (d)(i)

	Share Capital	Accumulated Losses	Employee Share Option Reserve	Total Reserves	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
	Company				
Balance at 01.04.13	29,902	(6,605)	124	(6,481)	23,421
Profit for the financial period	-	509	-	509	509
Other comprehensive income for the financial period	-	-	-	-	-
Total comprehensive income for the financial period	-	509	-	509	509
Write-back of equity-settled share options	-	-	(47)	(47)	(47)
Balance at 30.06.13	29,902	(6,096)	77	(6,019)	23,883
Loss for the financial period	-	(9)	-	(9)	(9)
Other comprehensive income for the financial period	-	-	-	-	-
Total comprehensive income for the financial period	-	(9)	-	(9)	(9)
Shares issued due to exercise of employee share options	2	-	(1)	(1)	1
Balance at 30.09.13	29,904	(6,105)	76	(6,029)	23,875
Balance at 01.04.12	29,566	(4,857)	394	(4,463)	25,103
Profit for the financial period	-	116	-	116	116
Other comprehensive income for the financial period	-	-	-	-	-
Total comprehensive income for the financial period	-	116	-	116	116
Shares issued due to exercise of employee share options	44	-	(17)	(17)	27
Write-back of equity-settled share options	-	-	(44)	(44)	(44)
Expiry of employee share options	-	33	(33)	-	-
Balance at 30.06.12	29,610	(4,708)	300	(4,408)	25,202
Profit for the financial period	-	467	-	467	467
Other comprehensive income for the financial period	-	-	-	-	-
Total comprehensive income for the financial period	-	467	-	467	467
Grant of equity-settled share options	-	-	6	6	6
Balance at 30.09.12	29,610	(4,241)	306	(3,935)	25,675

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

During the 6 months ended 30 September 2013, the Company issued:-

(i) 17,500 new shares at \$0.023 each amounting to \$403 due to the exercise of 17,500 share options under the employee share option scheme of the company and

(ii) 20,000 new shares at \$0.045 each amounting to \$900 due to the exercise of 20,000 share options under the employee share option scheme of the Company

Hence, as at 30 September 2013, the number of ordinary shares of the Company was 1,444,257,658 (30.09.2012 : 1,440,250,908)

As at 30 September 2013, the outstanding options were as follows:

- 1,343,500 (30.09.2012 : 8,727,154) share options.

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

	As at end of current financial period ended 30 September 2013	As at end of financial year ended 31 March 2013
Total number of ordinary shares issued	1,444,257,658	1,444,220,158

Note : The Company did not have any treasury shares as at the end of the current financial period and as at the end of the immediate preceding year.

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

Not Applicable

- 2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

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

Not Applicable

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared with the audited financial statements as at 31 March 2013, except for the adoption of the new and revised FRS which are effective for the financial period beginning 1 April 2013.

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

The Group has adopted the new and revised FRS, which are effective for its financial year beginning 1 April 2013. The adoption of the new and revised FRS did not result in any material impact on the Group's financial statements.

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

	Group		Change	Group		Change
	Q2 FY2014	Q2 FY2013	%	1H FY2014	1H FY2013	%
Earnings / (loss) per ordinary share						
(a) Based on weighted average number of ordinary shares on issue (cents)	0.02	0.04	-50%	0.07	(0.03)	N/M
(b) On a fully diluted basis (cents)	0.02	0.04	-50%	0.07	(0.03)	N/M

Earnings per share for the financial period ended 30 September 2013 was calculated based on weighted average number of 1,444,226,101 (30 September 2012: 1,439,545,921) ordinary shares.

Earnings per share for the financial period ended 30 September 2013 computed on a fully dilutive basis is calculated based on the weighted average number of 1,444,542,621 (30 September 2012: 1,443,014,679) ordinary shares adjusted for the dilutive effect of share options.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the :-

(a) current period reported on and (b) immediately preceding financial year

	Group		Change	Company		Change
	30.09.13	31.03.13	%	30.09.13	31.03.13	%
Net asset value per ordinary share (cents) based on existing issued share capital as at the end of the financial period / year	1.66	1.59	4%	1.65	1.62	2%

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

- (a)(i) The Group recorded a revenue of \$7.0 million, a decrease of \$1.2 million or 14% compared with \$8.2 million in prior corresponding period, mainly due to lower students enrolled in Singapore, UK, Hong Kong and Sri Lanka operations. The decline in UK and Hong Kong revenue can be attributed to a shift in UK's exam registration deadlines and the re-strategising of Hong Kong operations respectively.
- (a)(ii) The Group recorded a profit before tax of \$0.4 million, a decrease of \$0.3 million compared with \$0.7 million in prior corresponding period. The decrease was mainly due to lower revenue, higher employee benefit expenses, partially offset by lower other operating expenses incurred explained in para 1 (a)(ii).
- (b)(i) The Group's fixed assets decreased to \$1.5 million as at 30 September 2013 from \$1.8 million as at 31 March 2013 was mainly due to depreciation of \$0.5 million during the period, partially offset by investment in new IT system and equipments of \$0.2 million.
- (b)(ii) The Group's prepayment increased by \$0.2 million or 22% to \$1.0 million, mainly due to prepayment of university fees.
- (b)(iii) The Group's trade and other receivables increased by \$1.8 million or 53% to \$5.2 million as at 30 September 2013, mainly due to billings during the period. The Company's trade and other receivables decreased by \$0.4 million or 20% to \$1.8 million as at 30 September 2013, mainly due to settlement of intercompany receivables.
- (b)(iv) The Group's cash and cash equivalents declined by \$2.4 million or 7% to \$29.7 million as at 30 September 2013, mainly due to the purchase of fixed assets and payments to suppliers and university partners. The Company's cash and cash equivalents increased by \$0.2 million or 5% to \$3.4 million, mainly due to receipts from subsidiaries.
- (b)(v) The Group's deferred income and fees decreased by \$0.6 million or 8% to \$6.4 million as of 30 September 2013, mainly due to utilisation. The Company's deferred income and fees decreased by \$0.2 million or 42% to \$0.2 million as of 30 September 2013, mainly due to utilisation.
- (b)(vi) The Group's trade and other payables decreased by \$1.2 million or 15% to \$6.7 million, mainly due to payment for university fees, suppliers, lower accruals and write-back of deposit received during the period. The Company's trade and other payables decreased by \$0.8 million or 17% to \$3.7 million as of 30 September 2013, mainly due to a write-back of deposit received and lower accruals during the period.

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

Not Applicable

10 **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The group will focus on new market segments and introduce new relevant courses over the next few quarters.

11 **If a decision regarding dividend has been made :-**

(a) **Whether an interim (final) ordinary dividend has been declared (recommended); and**

No

(b) (i) **Amount per share (cents)** Not Applicable
(ii) **Previous corresponding period (cents)** Not Applicable

(c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not Applicable

(d) **The date the dividend is payable.**

Not Applicable

(e) **The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not Applicable

12 **If no dividend has been declared (recommended), a statement to that effect.**

No dividend has been declared or recommended.

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

No IPT mandate has been obtained and there was no material IPTs during the financial period.

14 **Negative Confirmation pursuant to Rule 705 (5)**

The Board hereby confirmed that, to the best of their knowledge, nothing has come to the attention of the Board which may render the interim financial results to be false or misleading.

BY ORDER OF THE BOARD

Loi Hai Poh
Chief Executive Officer

12th November 2013
SINGAPORE