

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 June 2017 :-

- 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 S\$'000		%
	Q1 FY2018	Q1 FY2017	Change
Revenue	1,471	1,918	-23%
Other operating income	14	74	-81%
Employee benefits expense	(2,035)	(2,181)	-7%
Depreciation of property, plant and equipment	(57)	(48)	19%
Other operating expenses	(1,529)	(1,871)	-18%
Interest income	4	44	-91%
Loss before taxation	<u>(2,132)</u>	<u>(2,064)</u>	3%
Taxation	-	(2)	-100%
Loss after tax	<u>(2,132)</u>	<u>(2,066)</u>	3%
Loss attributable to :			
Equity holders of the Company	<u>(2,132)</u>	<u>(2,066)</u>	3%
	<u>(2,132)</u>	<u>(2,066)</u>	3%

Consolidated Statement of Comprehensive income

	Group S\$'000		%
	Q1 FY2018	Q1 FY2017	Change
Loss after tax	(2,132)	(2,066)	3%
Other comprehensive income :			
Foreign currency translation	<u>33</u>	<u>115</u>	-71%
Other comprehensive income for the financial period, net of tax	<u>33</u>	<u>115</u>	-71%
Total comprehensive income for the financial period	<u>(2,099)</u>	<u>(1,951)</u>	8%
Total comprehensive income attributable to :			
Equity holders of the Company	<u>(2,099)</u>	<u>(1,951)</u>	8%
	<u>(2,099)</u>	<u>(1,951)</u>	8%

Group S\$'000		%
Q1 FY2018	Q1 FY2017	Change

1 (a)(i) Notes to income statement

Loss is stated after charging / (crediting) :

Write-back of doubtful receivables	(12)	(22)	-45%
Bad debts (write-back) / written-off	(19)	50	N/M
Net loss on disposal of property, plant and equipment	-	2	N/M
Foreign exchange loss, net	44	46	-4%
Operating lease expenses	507	578	-12%

(a)(ii) Other operating income decreased by \$60,000 or 81% mainly due to the absence of Productivity and Innovation Credits (PIC) received by the Singapore subsidiaries in the current period.

(a)(iii) Employee benefits expense decreased by \$0.1 million or 7% to \$2.0 million, mainly due to headcount reduction for United Kingdom operations and a depreciated GBP, as compared to prior period.

(a)(iv) Other operating expenses decreased by \$0.3 million or 18% to \$1.5 million as compared with prior period. The decrease can mainly be attributed to a write-back of bad debts, lower university fees, operating lease expenses and advertising and promotion expenses in the current period.

(a)(v) Interest income decreased by \$40,000 or 91% due to a lower fixed deposit balance, as compared to prior period.

(a)(vi) Bad and doubtful receivables decreased by \$0.1 million as compared to prior period, due to recovery of doubtful receivables and timely debt collection during the current period.

(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 30.06.17	Group S\$'000 31.03.17	Change %	Company S\$'000 30.06.17	Company S\$'000 31.03.17	Change %
NON-CURRENT ASSETS						
Property, plant and equipment	385	364	6%	180	135	33%
Intangible assets	176	181	-3%	-	-	-
Investment in subsidiaries	-	-	-	3,900	4,820	-19%
	561	545	3%	4,080	4,955	-18%
CURRENT ASSETS						
Prepayments	448	585	-23%	92	137	-33%
Trade and other receivables	1,368	2,358	-42%	2,088	2,371	-12%
Restricted cash at bank	138	138	-	-	-	-
Cash and fixed deposits	6,464	8,403	-23%	487	258	89%
	8,418	11,484	-27%	2,667	2,766	-4%
CURRENT LIABILITIES						
Deferred income and fees	631	565	12%	-	42	-100%
Trade and other payables	2,660	3,618	-26%	7,331	6,664	10%
Provision for reinstatement cost	172	230	-25%	90	148	-39%
Income tax payable	-	1	-100%	-	-	-
	3,463	4,414	-22%	7,421	6,854	8%
NET CURRENT ASSETS / (LIABILITY)	4,955	7,070	-30%	(4,754)	(4,088)	16%
TOTAL NET ASSETS / LIABILITY	5,516	7,615	-28%	(674)	867	N/M
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY						
Share capital	29,908	29,908	-	29,908	29,908	-
Reserves	(24,392)	(22,293)	9%	(30,582)	(29,041)	5%
TOTAL EQUITY	5,516	7,615	-28%	(674)	867	N/M

(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	
	S\$'000	S\$'000
	<u>Q1 FY2018</u>	<u>Q1 FY2017</u>
Cash flow from operating activities		
Loss before taxation	(2,132)	(2,064)
Adjustments for :		
Depreciation of property, plant and equipment	57	48
Amortisation of intangible assets	17	3
Net loss on disposal of property, plant and equipment	-	2
Write-back of doubtful receivables	(12)	(22)
Bad debts (write-back) / written-off	(19)	50
Interest income	(4)	(44)
Unrealised exchange (gain) / loss	(3)	173
Operating loss before working capital changes	(2,096)	(1,854)
Decrease in prepayments, trade and other receivables	1,138	667
Increase in deferred income and fees	66	156
Decrease in trade and other payables and accruals for withholding tax	(1,016)	(8)
Cash used in operations	(1,908)	(1,039)
Interest received	24	27
Tax paid	(1)	(3)
Net cash used in operating activities	(1,885)	(1,015)
Cash flow from investing activities		
Purchase of property, plant and equipment	(82)	(49)
Expenditure on intangible assets	-	(12)
Withdrawal of fixed deposits	-	3,000
Net cash (used in) / generated from investing activities	(82)	2,939
Net (decrease) / increase in cash and cash equivalents	(1,967)	1,924
Cash and cash equivalents at the beginning of the financial period	8,403	5,286
Effects of exchange rate changes on opening cash and cash equivalents	28	(49)
Cash and cash equivalents at the end of the financial period	<u>6,464</u>	<u>7,161</u>
Short-term deposits	-	7,000
Cash and cash equivalents	<u>6,464</u>	<u>7,161</u>
Cash and fixed deposits	<u>6,464</u>	<u>14,161</u>

Notes to Cash Flow Statement

* Cash and cash equivalents exclude \$138,107 (Q1 FY2017: \$138,107) 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	Translation Reserve	Total Reserves	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group					
Balance at 01.04.17	29,908	(20,873)	(1,420)	(22,293)	7,615
Loss for the financial period	-	(2,132)	-	(2,132)	(2,132)
Other comprehensive income for the financial period	-	-	33	33	33
Total comprehensive income for the financial period	-	(2,132)	33	(2,099)	(2,099)
Balance at 30.06.17	29,908	(23,005)	(1,387)	(24,392)	5,516
Balance at 01.04.16	29,908	(15,367)	(1,476)	(16,843)	13,065
Loss for the financial period	-	(2,066)	-	(2,066)	(2,066)
Other comprehensive income for the financial period	-	-	115	115	115
Total comprehensive income for the financial period	-	(2,066)	115	(1,951)	(1,951)
Balance at 30.06.16	29,908	(17,433)	(1,361)	(18,794)	11,114

1 (d)(i)

	Share Capital	Accumulated Losses	Total Reserves	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000
	Company			
Balance at 01.04.17	29,908	(29,041)	(29,041)	867
Loss for the financial year, representing total comprehensive income for the financial period	-	(1,541)	(1,541)	(1,541)
Balance at 30.06.17	29,908	(30,582)	(30,582)	(674)
Balance at 01.04.16	29,908	(16,150)	(16,150)	13,758
Loss for the financial year, representing total comprehensive income for the financial period	-	(1,898)	(1,898)	(1,898)
Balance at 30.06.16	29,908	(18,048)	(18,048)	11,860

- (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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.**

There was no change to the number of ordinary shares since the preceding financial year ended 31 March 2017.

The Company did not have any subsidiary holdings or outstanding share options as at the end of the current financial period and as at the end of the immediate preceding year.

- (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 June 2017	As at end of financial year ended 31 March 2017
Total number of ordinary shares issued	72,215,467	72,215,467

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

- (d)(v) **A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings 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 2017, except for the adoption of the new and revised FRS which are effective for the financial period beginning 1 April 2017.

- 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 2017. 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
		Q1 FY2018	Q1 FY2017	%
Earnings per ordinary share				
(a)	Based on weighted average number of ordinary shares on issue (cents)	(2.95)	(2.86)	3%
(b)	On a fully diluted basis (cents)	(2.95)	(2.86)	3%

Earnings per share for the financial period ended 30 June 2017 was calculated based on weighted average number of 72,215,467 (30 June 2016: 72,215,467) ordinary shares.

Earnings per share for the financial period ended 30 June 2017 computed on a fully dilutive basis is calculated based on the weighted average number of 72,215,467 (30 June 2016: 72,215,467) 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
	30.06.17	31.03.17	%	30.06.17	31.03.17	%
Net asset / (liability) value per ordinary share (cents) based on existing issued share capital as at the end of the financial period	7.64	10.54	-28%	(0.93)	1.20	N/M

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 \$1.5 million, a decrease of \$0.4 million or 23% as compared with \$1.9 million in prior period. The decrease was mainly due to lower number of students enrolled in Singapore and United Kingdom operations, partially offset by a \$0.1 million increase due to higher enrollment for Hong Kong operations.
- (a)(ii) The Group recorded a loss before tax of \$2.1 million, which is 3% higher than prior period. This was mainly due to lower revenue, other operating and interest income. This was offset by lower employee benefits expense and other operating expenses (explained in a(iv)).
- (b)(i) The Group's and Company's property, plant and equipment increased by 6% and 33% respectively as at 30 June 2017. This was mainly due to renovation works performed by the Company to consolidate the corporate office during the current period, partially offset by depreciation.
- (b)(ii) The Company's investment in subsidiaries declined by \$0.9 million or 19% to \$3.9 million as at 30 June 2017. This was due to an impairment loss recognised to reduce the investment to its recoverable amount.
- (b)(iii) The Group's prepayments decreased by \$0.1 million or 23% to \$0.4 million as at 30 June 2017, mainly due to utilisation of prepaid university fees and other operating expenses.
- (b)(iv) The Group's and Company's trade and other receivables decreased by \$1.0 million or 42% to \$1.4 million and \$0.3 million or 12% to \$2.1 million respectively, as at 30 June 2017, due to collections made during the current financial period.
- (b)(v) The Group's cash and fixed deposits declined by \$1.9 million or 23% to \$6.5 million as at 30 June 2017. The decline was mainly due to cash utilisation for operations. The Company's cash and fixed deposits increased by \$0.2 million or 89%, mainly due to intercompany transactions.
- (b)(vi) The Group's deferred income and fees increased by \$0.1 million or 12% to \$0.6 million as at 30 June 2017. This is mainly attributed to collections by the Singapore School. This was however, offset by a \$42,000 decrease in the Company's deferred income due to recognition of deferred exam revenue from the previous term.
- (b)(vii) The Group's trade and other payables decreased by \$1.0 million or 26% to \$2.7 million as at 30 June 2017 and this was mainly due to repayment of university fees and other creditors during the period. The Company's trade and other payables increased by \$0.7 million or 10% to \$7.3 million as at 30 June 2017 and this was mainly due to intercompany transactions.
- (b)(viii) The Group's and Company's provision for reinstatement cost declined by \$0.1 million to \$0.2 million and \$0.1 million respectively, as at 30 June 2017, due to utilisation during the period for the consolidation of the corporate office in Singapore.
- (b)(ix) The Company's net current liability and net liability positions stood at \$4.8 million and \$0.7 million respectively, as at 30 June 2017. During the financial period, the Company's reduced income from various clients due to a slowdown in their businesses and unfavourable foreign exchange rate movements, resulted in the increased deficit.

- 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.**
Please refer to our separate announcement released on 10 August 2017, in relation to the quarterly update given pursuant to Rule 1313(2) of the SGX Listing Manual.
- 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)(i). 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.
- 15 **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1).**
The Board hereby confirmed that undertakings from all directors and executive officers have been procured for the financial period.

BY ORDER OF THE BOARD

Yau Su Peng
Executive Director

10th Aug 2017