

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 2019 :-

- 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.

Consolidated Statement of Profit and Loss

	Group		
	Q1 FY2020 S\$'000	Q1 FY2019 S\$'000	Change %
Revenue	2,006	1,913	5%
Other operating income	-	11	N/M
Staff costs	(1,265)	(1,405)	-10%
Depreciation of property, plant and equipment	(243)	(28)	N/M
Other operating expenses	(1,088)	(1,460)	-25%
Loss before taxation	<u>(590)</u>	<u>(969)</u>	-39%
Taxation	-	-	N/M
Loss for the period	<u>(590)</u>	<u>(969)</u>	-39%
Loss attributable to :			
Equity holders of the Company	<u>(590)</u>	<u>(969)</u>	-39%

Consolidated Statement of Comprehensive Income

	Group		
	Q1 FY2020 S\$'000	Q1 FY2019 S\$'000	Change %
Loss for the period	(590)	(969)	-39%
Other comprehensive income :			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	<u>123</u>	<u>(122)</u>	N/M
Other comprehensive income for the financial period, net of tax	<u>123</u>	<u>(122)</u>	N/M
Total comprehensive income for the financial period	<u>(467)</u>	<u>(1,091)</u>	-57%
Total comprehensive income attributable to :			
Equity holders of the Company	<u>(467)</u>	<u>(1,091)</u>	-57%

Note:

N/M : Not meaningful

Group		
Q1 FY2020	Q1 FY2019	Change
S\$'000	S\$'000	%

1 (a)(i) **Notes to income statement**

Loss is stated after charging / (crediting) :

(Write-back)/Allowance for expected credit loss on receivables	(137)	163	N/M
Bad debts written-off	-	6	N/M
Amortisation of intangible assets	6	6	-
Property, plant and equipment written-off	-	16	N/M
Foreign exchange loss/(gain), net	65	(163)	N/M
Operating lease expenses	34	394	-91%
Finance costs (including interest expense on lease liabilities)	37	-	N/M

(a)(ii) Other operating income in Q1 FY2019 relates to sundry income recorded relating to Informatics Academy's operations. There was no such sundry income recorded for Q1 FY2020.

(a)(iii) Staff costs decreased by \$0.1 million (10%) from \$1.4 million in Q1 FY2019 to \$1.3 million in Q1 FY2020, mainly due to headcount reductions for the Group.

(a)(iv) Depreciation of property, plant and equipment increased by \$0.2 million to \$0.2 million in Q1 FY2020, mainly due to adoption of the new financial reporting standards SFRS(I) 16 Leases. The depreciation relating to the right-of-use asset was recorded within depreciation of property, plant and equipment.

(a)(v) Other operating expenses decreased by \$0.4 million (25%) from \$1.5 million in Q1 FY2019 to \$1.1 million in Q1 FY2020. The decrease was mainly due to write-back of allowance for expected credit loss in Q1 FY2020 (explained in 1(a)(vi)) and lower operating lease expenses (explained in 1(a)(viii)), partially offset by increase in exchange loss (explained in 1(a)(vii)) recorded for Q1 FY2020.

(a)(vi) There was write-back of allowance for expected credit loss on receivables amounting to \$0.1 million in Q1 FY2020, as opposed to a allowance for expected credit loss made of \$0.2 million in Q1 FY2019.

(a)(vii) The Group recorded a foreign exchange loss of \$0.1 million for Q1 FY2020 as compared a foreign exchange gain of \$0.2 million for Q1 FY2019. This was due to unfavorable foreign exchange rate movements for overseas subsidiaries' operation (mainly United Kingdom operation).

(a)(viii) Operating lease expenses decreased by \$0.4 million in Q1 FY2020 as compared to Q1 FY2019, mainly due to consolidation of the corporate office with the campus in Singapore in the previous year, and the adoption of SFRS(I) 16 Leases. As a result of the adoption of SFRS(I) 16, right-of-use assets were recognised in the balance sheet with a corresponding depreciation charge recorded in Q1 FY2020, instead of the operating lease expense.

(a)(ix) Finance costs relates to interest expense incurred on amounts due to a director and an indirect controlling shareholder, and interest expense on the Group's lease liabilities.

(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.**

Statement of Financial Position

	Group			Company		
	30.06.2019	31.03.2019	Change	30.06.2019	31.03.2019	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
NON-CURRENT ASSETS						
Property, plant and equipment	3,083	99	N/M	2	4	-50%
Intangible assets	7	20	-65%	-	-	N/M
Investment in subsidiaries *	-	-	N/M	-	-	N/M
	3,090	119	N/M	2	4	-50%
CURRENT ASSETS						
Prepayments	354	339	4%	49	88	-44%
Trade and other receivables	1,052	1,270	-17%	161	189	-15%
Cash and cash equivalents	859	1,396	-38%	78	200	-61%
	2,265	3,005	-25%	288	477	-40%
CURRENT LIABILITIES						
Deferred income and fees	2,709	3,240	-16%	139	270	-49%
Trade and other payables	2,888	2,664	8%	6,873	6,881	0%
Lease liabilities	857	-	N/M	-	-	N/M
Provision for reinstatement cost	82	82	-	-	-	N/M
	6,536	5,986	9%	7,012	7,151	-2%
NET CURRENT (LIABILITIES) / ASSETS	(4,271)	(2,981)	43%	(6,724)	(6,674)	1%
NON-CURRENT LIABILITIES						
Lease liabilities	2,148	-	N/M	-	-	N/M
TOTAL NET (LIABILITIES) / ASSETS	(3,329)	(2,862)	16%	(6,722)	(6,670)	1%
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY						
Share capital	29,908	29,908	-	29,908	29,908	-
Reserves	(33,237)	(32,770)	1%	(36,630)	(36,578)	0%
TOTAL EQUITY	(3,329)	(2,862)	16%	(6,722)	(6,670)	1%

Notes:

* The investment in subsidiaries were fully impaired as at 31 March 2019 and 30 June 2019.

N/M : Not meaningful

(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.**

Not Applicable

- 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.

Consolidated Statement of Cash Flows

	Group	
	Q1 FY2020 S\$'000	Q1 FY2019 S\$'000
Cash flow from operating activities		
Loss before taxation	(590)	(969)
Adjustments for :		
Depreciation of property, plant and equipment	243	28
Amortisation of intangible assets	6	6
Property, plant and equipment written-off	-	16
(Write-back)/Allowance for expected credit loss on receivables	(137)	163
Bad debts written-off	-	6
Finance costs	37	-
Unrealised exchange loss/(gain)	52	(121)
Operating loss before working capital changes	(389)	(871)
Decrease in prepayments, trade and other receivables	340	545
Decrease in deferred income and fees	(469)	(389)
Decrease in trade and other payables and provision for reinstatement cost	203	(248)
Net cash flows used in operating activities	(315)	(963)
Cash flow from investing activities		
Purchase of property, plant and equipment	(9)	(5)
Expenditure on intangible assets	-	(2)
Proceeds from disposal of property, plant and equipment	2	-
Net cash flows used in investing activities	(7)	(7)
Cash flow from financing activity		
Repayment of lease liabilities	(198)	-
Net cash flows used in financing activity	(198)	-
Net decrease in cash and cash equivalents	(520)	(970)
Cash and cash equivalents at the beginning of the financial period	1,396	3,137
Effects of exchange rate changes on opening cash and cash equivalents	(17)	(3)
Cash and cash equivalents at end of the financial period	859	2,164

- 1 (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from 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 S\$'000	Translation Reserve S\$'000	Accumulated Losses S\$'000	Total Reserves S\$'000	Total Equity S\$'000
Group					
At 1 April 2019	29,908	223	(32,993)	(32,770)	(2,862)
Loss for the financial period	-	-	(590)	(590)	(590)
Other comprehensive income for the financial period	-	123	-	123	123
Total comprehensive income for the financial period	-	123	(590)	(467)	(467)
At 30 June 2019	29,908	346	(33,583)	(33,237)	(3,329)
At 1 April 2018	29,908	239	(29,419)	(29,180)	728
Loss for the financial period	-	-	(969)	(969)	(969)
Other comprehensive income for the financial period	-	(122)	-	(122)	(122)
Total comprehensive income for the financial period	-	(122)	(969)	(1,091)	(1,091)
At 30 June 2018	29,908	117	(30,388)	(30,271)	(363)
Company					
At 1 April 2019	29,908			(36,578)	(6,670)
Loss for the financial period, representing total comprehensive income for the period	-			(52)	(52)
At 30 June 2019	29,908			(36,630)	(6,722)
At 1 April 2018	29,908			(35,231)	(5,323)
Loss for the financial period, representing total comprehensive income for the period	-			(6,082)	(6,082)
At 30 June 2018	29,908			(41,313)	(11,405)

- 1 (d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State 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 2019.

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.

- 1 (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 2019	As at end of financial year ended 31 March 2019
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.

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

Not Applicable

- 1 (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 2019, except for the adoption of the new and revised Singapore Financial Reporting Standards (International) (SFRS(I)s) which are effective for the financial year beginning 1 April 2019.

- 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 applied the same accounting policies and methods of computation in the presentation of the financial information for the current period as compared with the audited financial statements as at 31 March 2019 except for the adoption of new Singapore Financial Reporting Standards (International) (SFRS(I)s) applicable for the financial year beginning 1 April 2019 as described below.

SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees - leases of 'low value' assets and short term leases. A lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Under SFRS(I) 16, qualifying lease payments were no longer recorded as operating expenses, but will be applied towards reducing the lease liabilities and the associated interest expense. The Group has reported the payment for the interest and principal portion of the lease payments under financing activities for cash flow reporting purposes.

The impact of initial application of SFRS(I) 16 on the balance sheet of the Group as at 1 April 2019 are as follows:

	Group		
	31.03.2019	Effect of SFRS(I) 16	01.04.2019
	S\$'000	S\$'000	S\$'000
Property, plant and equipment	99	3,218	3,317
Lease liabilities	-	(3,218)	(3,218)

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 Q1 FY2020	Group Q1 FY2019	Change %
Earnings per ordinary share			
(a) Based on weighted average number of ordinary shares on issue (cents)	(0.82)	(1.34)	-39%
(b) On a fully diluted basis (cents)	(0.82)	(1.34)	-39%

Earnings per share for the quarter ended 30 June 2019 was calculated based on weighted average number of 72,215,467 (30 June 2018: 72,215,467) ordinary shares.

Earnings per share for the quarter ended 30 June 2019 computed on a fully dilutive basis was calculated based on the weighted average number of 72,215,467 (30 June 2018: 72,215,467) ordinary shares.

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.**

Net asset value (NAV)	Group		Change %	Company		Change %
	30.06.2019	31.03.2019		30.06.2019	31.03.2019	
NAV per ordinary share (cents)	(4.61)	(3.96)	16%	(9.31)	(9.24)	1%

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 \$2.0 million for Q1 FY2020, an increase of \$0.1 million (5%) as compared to \$1.9 million for Q1 FY2019. The increase in revenue was mainly due to higher course/examination fees recognised for the Singapore operations, partially offset by lower examination fees recognised for the United Kingdom operations. In line with SFRS(I) 15 *Revenue from Contracts with Customers*, examination fees are only recognised when the Group has delivered/satisfied all its performance obligations in the contract with the customers.
- (a)(ii) The Group recorded a loss before tax of \$0.6 million for Q1 FY2020, a decrease of \$0.4 million (39%) as compared to loss before tax of \$1.0 million for Q1 FY2019. This was a result of higher revenue and lower operating costs (as explained in 1(a)(iii) to 1(a)(ix)) recorded by the Group for Q1 FY2020.
- (b)(i) As at 30 June 2019, the Group's property, plant and equipment increased by \$3.0 million as compared to 31 March 2019, due mainly to the recognition of right-of-use assets in accordance with SFRS(I) 16. The right-of-use assets are depreciated over the lease term.
- (b)(ii) The Group's trade and other receivables decreased by \$0.2 million (17%) from \$1.3 million as at 31 March 2019 to \$1.1 million as at 30 June 2019 due mainly to lower trade receivables balance, as a result of collections from customers during Q1 FY2020.
- (b)(iii) The Group's cash and cash equivalents decreased by \$0.5 million (38%) from \$1.4 million as at 31 March 2019 to \$0.9 million as at 30 June 2019 due mainly to cash utilisation for operations and repayment of lease liabilities.
- (b)(iv) The Group's deferred income and fees decreased by \$0.5 million (16%) from \$3.2 million as at 31 March 2019 to \$2.7 million as at 30 June 2019, due mainly to revenue recognition relating to examination fees during Q1 FY2020.
- (b)(v) The Group's trade and other payables increased by \$0.2 million (8%) from \$2.7 million as at 31 March 2019 to \$2.9 million as at 30 June 2019, due mainly to professional costs accrued in relation to rights issue, and deferment of payments for university fees.
- (b)(vi) The Group's lease liabilities totalling \$3.0 million as at 30 June 2019 (current lease liabilities: \$0.9 million, non-current lease liabilities: \$2.1 million) were lease liabilities recognised in relation to the Group's operating leases in accordance with SFRS(I) 16.
- (b)(vii) As at 30 June 2019, the Group's net current liabilities and total net liabilities positions stood at \$4.3 million and \$3.3 million respectively as compared to net current liabilities and total net liabilities positions as at 31 March 2019 of \$3.0 million and \$2.9 million respectively, as the Group continued to incur operation loss for Q1 FY2020.

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 8 August 2019, 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. Provides the reasons for the decision not to declare/recommend any dividend.**

No dividend has been declared or recommended as the Group recorded a net loss for the current financial period and the Board of Directors deemed appropriate to conserve funds for the Group's business activities.

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.

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
8 August 2019