

## **INFORMATICS EDUCATION LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 198303419G)

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### **EMPHASIS OF MATTER BY INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

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Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the Board of Directors (the “**Board**”) of Informatics Education Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that its independent auditor, Ernst & Young LLP (the “**Auditor**”), has included an emphasis of matter in respect of the existence of a material uncertainty which may cast doubt on the Group’s and the Company’s ability to continue as a going concern in the Independent Auditor’s Report on the financial statements of the Group for the financial year ended 30 June 2021 (the “**Audited FY2021 Financial Statements**”).

The audit opinion in the Independent Auditor’s Report however remains unqualified.

A copy of the Independent Auditor’s Report and the extract of the relevant note to the Audited FY2021 Financial Statements is attached to this announcement for reference, as Appendix 1 and Appendix 2 respectively.

The Board is of the view that the Group is able to continue as a going concern as the Group has received letter of financial support from its penultimate holding company, Berjaya Land Berhad, to provide continuing financial support to the Group to enable it to continue its operations and meet its liabilities as and when they fall due.

As such, the Board is of the view that it is appropriate the Audited FY2021 Financial Statements be prepared on a going concern basis.

Additionally, the Board is of the opinion that sufficient information has been disclosed for trading of the Company’s shares to continue in an orderly manner, and confirms that all material disclosures have been provided for trading of the Company’s shares to continue.

The Independent Auditor’s Report and the Audited FY2021 Financial Statements will form part of the upcoming Company’s Annual Report for FY2021 (the “**FY2021 Annual Report**”) which will be released to SGX-ST via SGXNet and published on the Company’s website on 15 December 2021. Shareholders of the Company are advised to read this announcement in conjunction with the FY2021 Annual Report.

#### **BY ORDER OF THE BOARD**

Yau Su Peng  
Executive Director  
14 December 2021

**Appendix 1: Independent Auditor's Report FY2021**

## **Informatics Education Ltd. and its Subsidiaries**

### **Independent auditor's report For the financial year ended 30 June 2021**

#### **Independent auditor's report to the members of Informatics Education Ltd.**

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### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of Informatics Education Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 30 June 2021, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)s) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

#### **Basis for opinion**

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Material uncertainty related to going concern**

We draw attention to Note 2 of the financial statements. The Group continued to incur net loss of \$1,539,000 and recorded net cash outflows of \$841,000 from its operating activities for the financial year ended 30 June 2021. As at 30 June 2021, the Group has net current liabilities and net liabilities of \$1,932,000 and \$1,651,000 respectively, while the Company has net current liabilities and net liabilities of \$3,614,000 and \$2,947,000 respectively. These factors indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as going concern. Notwithstanding the above, the financial statements of the Group and the Company are prepared on a going concern basis as the Group received letter of financial support from its penultimate holding company, Berjaya Land Berhad, to provide continuing financial support to the Group to enable it to continue its operations and meet its liabilities as and when they fall due.

If the Group and the Company are unable to continue operational existence for the foreseeable future, the Group and Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situations that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements. Our opinion is not modified in respect of this matter.

## **Informatics Education Ltd. and its Subsidiaries**

### **Independent auditor's report For the financial year ended 30 June 2021**

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#### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

#### ***Allowance for expected credit losses of trade receivables***

As at 30 June 2021, the gross balance of trade receivables amounted to \$1.29 million, against which allowance for expected credit losses ("ECL") of \$0.52 million was made. The collectability of trade receivables are key elements of the Group's working capital management which is managed on an ongoing basis by management.

The Group determines ECL for trade receivables by making debtor-specific assessment for credit-impaired debtors. The Group uses provision matrix method for the remaining group of trade debtors that is based on its historical credit loss experience analysed in accordance to days past due by grouping customers by geographical area, adjusted for forward-looking factors specific to the debtors and the economic environment. In determining the ECL allowance for the Group's trade receivables as at year end, management considered various factors such as the age of the outstanding balances, historical payments and credit loss patterns, as well as facts and circumstances specific to the regions and economic environments where the debtors operate, taking into consideration current market condition and any other available information concerning the creditworthiness of debtors. These assessments required significant management judgement. As a result, we have identified this as a key audit matter.

As part of our audit procedures, we evaluated the Group's processes and controls relating to the monitoring of trade receivables and review of credit risks of its debtors, including the process in determining whether a debtor is credit impaired. We considered the age of the debts as well as the trend of collections to identify collection risks. We requested, on a sample basis, trade receivable confirmations and reviewed for collectability by obtaining evidence of receipts from these debtors after the year end. We assessed management's estimates on the historical loss rate through analysis of historical ageing of receivables and assessment of significant overdue individual debtors. We evaluated the provision matrix prepared by management for determining ECL allowance and reviewed the data and information that management has used to make forward-looking adjustments. We checked the arithmetic accuracy of the ECL allowance computation. We also evaluated the adequacy of the Group's disclosures of trade receivables in Note 14 *Trade and other receivables* and the related risks such as liquidity risk and credit risk in Notes 26(b) *Liquidity risk* and 26(d) *Credit risk* to the consolidated financial statements.

## **Informatics Education Ltd. and its Subsidiaries**

### **Independent auditor's report For the financial year ended 30 June 2021**

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#### **Key audit matters (cont'd)**

##### ***Valuation of intercompany loans by the Company***

As disclosed in Note 13 and Note 14 to the financial statements, the Company entered into a novation agreement with certain wholly-owned subsidiaries and a supplementary loan agreement with a subsidiary.

At the inception of the novation and restructuring of these loans and advance, the Company assessed the fair values of these loans and advance with the difference against the carrying values taken to income statement of the Company or deemed investment cost in one of the subsidiaries. While there is no impact to the consolidated financial statements of the Group, these fair value assessment have an impact to the statement of financial position of the Company.

Management determined the fair valuation of the aforementioned loans using discounted cash flow valuation method which includes unobservable inputs that are categorised within Level 3 of the fair value hierarchy as defined in SFRS(I) 13 *Fair Value Measurements*. Given the materiality of the loans to the Company's financial position and the inherent subjectivity in the valuation process that required management to apply significant judgement, we considered this to be a key audit matter.

As part of our audit procedures, we obtained an understanding of management's process of valuing the loans, the selection of valuation methodologies and the basis of determining the fair value of the loans. We reviewed the Novation Agreement and the respective loan agreements to obtain an understanding of the terms and agreements of these loans. We discussed with management to obtain an understanding of the basis for the key assumptions and inputs used in the valuations, and reviewed the valuation computation performed by management. Our Internal valuation specialists assisted us in assessing the appropriateness of the valuation methodologies used by management and the reasonableness of certain key inputs, such as the discount rate used including performing comparable credit spread research, discount rate, and perform independent valuations of the loans. We assessed the reasonableness of other key inputs used by management in the valuation, such as the expected cash flows and discount rate. We also assessed the Company's disclosures in Note 13 *Investment in subsidiaries* and in Note 14 *Trade and other receivables*.

#### **Other information**

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Informatics Education Ltd. and its Subsidiaries**

### **Independent auditor's report For the financial year ended 30 June 2021**

#### **Independent auditor's report to the members of Informatics Education Ltd.**

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#### **Responsibilities of management and directors 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 Act and SFRS(I)s, 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

## **Informatics Education Ltd. and its Subsidiaries**

### **Independent auditor's report For the financial year ended 30 June 2021**

#### **Independent auditor's report to the members of Informatics Education Ltd.**

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#### **Auditor's responsibilities for the audit of the financial statements (cont'd)**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **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.

The engagement partner on the audit resulting in this independent auditor's report is Philip Ng Weng Kwai.

Ernst & Young LLP

Public Accountants and  
Chartered Accountants  
Singapore

10 December 2021

**Appendix 2: Relevant note to the Audited FY2021 Financial Statements**

## **Informatics Education Ltd. and its Subsidiaries**

### **Notes to the financial statements For the financial year ended 30 June 2021**

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(In Singapore Dollars)

#### **1. Corporate information**

Informatics Education Ltd. (the "Company") is a limited liability company domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The registered office and principal place of business of the Company is located at 133 Cecil Street, #17-01B, Keck Seng Tower, Singapore 069535.

The Company's immediate holding company is Berjaya Leisure Capital (Cayman) Limited, incorporated in the Cayman Islands. The penultimate holding company and ultimate holding company are Berjaya Land Berhad and Berjaya Corporation Berhad respectively, which are incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. Subsidiaries of Berjaya Corporation Berhad are related corporations of the Company and its subsidiaries.

The principal activities of the Company are those of investment holding, franchisor and licensor for computer and commercial training centres and examination facilitators. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

In the previous financial period, the Company changed its financial year end from 31 March to 30 June. Accordingly, the comparative period covers a period of 15 months from 1 April 2019 to 30 June 2020.

#### **2. Fundamental accounting concept**

For the financial year ended 30 June 2021, the Group incurred net loss of \$1,539,000 (2020: \$552,000) and recorded net cash outflows of \$841,000 (2020: \$1,391,000) from its operating activities.

As at 30 June 2021, the Group has net current liabilities and net liabilities of \$1,932,000 (2020: \$331,000) and \$1,651,000 (2020: net assets \$44,000) respectively, while the Company has net current liabilities and net liabilities of \$3,614,000 (2020: \$2,835,000) and \$2,947,000 (2020: \$2,835,000) respectively. These factors indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as going concern.

Notwithstanding the above, the financial statements of the Group and the Company are prepared on a going concern basis as the Group received letter of financial support from its penultimate holding company, Berjaya Land Berhad, to provide continuing financial support to the Group to enable it to continue its operations and meet its liabilities as and when they fall due.

If the Group and Company is unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.