

TRANSCENDING BOUNDARIES

ANNUAL REPORT 2004



VISION

To be a global leader in providing quality lifelong learning services.

MISSION

By exceeding customers' expectations, the Informatics Group will become a global leader in providing quality lifelong learning services.

CORE VALUES

Total Customer Satisfaction

We focus to understand our Customers and strive to deliver with speed to delight them by exceeding their expectations.

People

We value our People and are committed to training and developing them and instilling self confidence in whatever they do to realize their fullest potential.

Speed

We manifest Speed in every one of our actions, making it our competitive advantage.

Stretched Goals

We set Stretched Goals to exploit every market opportunity to maximize the shareholders' return.

Innovative Culture

We execute with simplicity and strive for Continuous Improvement to achieve excellence in everything we do.

Professionalism

We uphold the highest standards of Ethics and Integrity.

Community Service

We strive to be a good corporate citizen in every community that we serve.

Profit

We endeavour to provide the desirable Return to our shareholders and Rewards to other stakeholders.

Growth

We are committed to long-term sustainable Growth and in so doing ensuring lasting rewarding careers to our people.

CONTENTS

10	Highlights of the Year
12	Chairman's Statement
15	Operations Review
16	Board of Directors
18	Corporate Information
20	Executive Committee
22	Corporate Capabilities
28	Global Business
38	Global Operations
40	Five-Year Financial Summary & Group Financial Highlights
41	Corporate Governance
45	Financials



**INFO
GROUP**

PHARMATICS

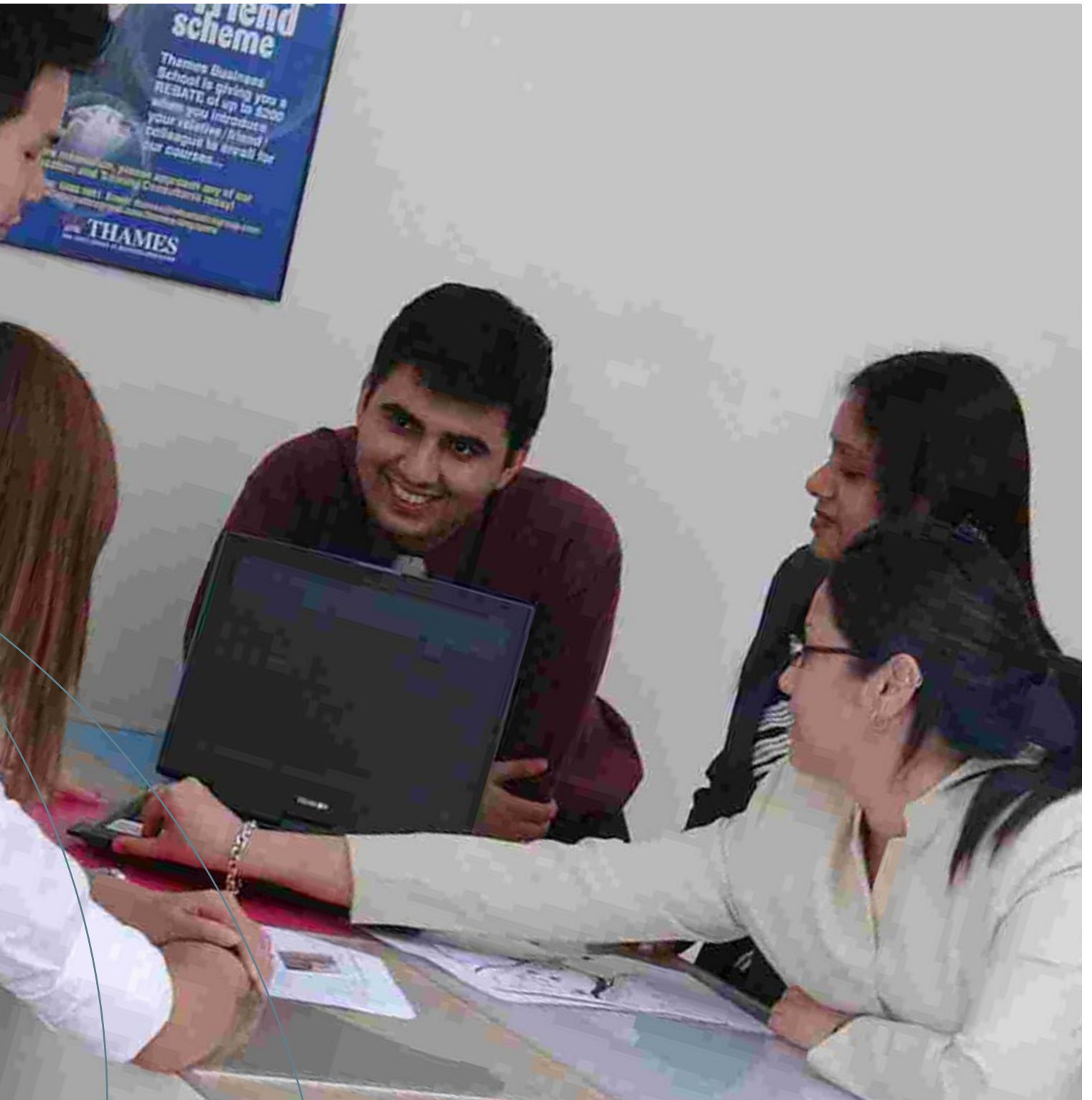


VISION TO
SUCCEED

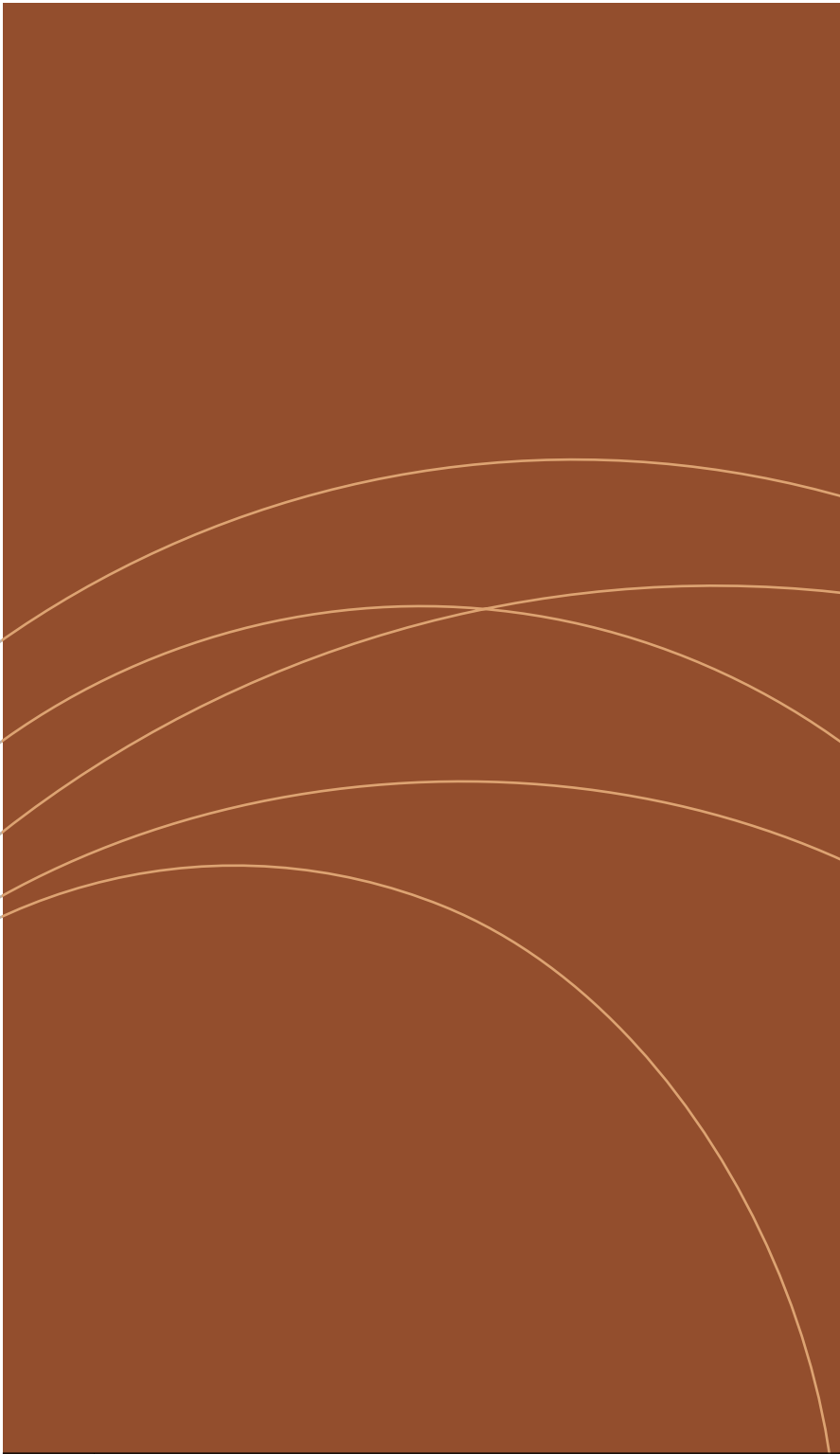




**INNOVATION
IN EDUCATION**



COLLABORATION IN LIFELONG LEARNING





QUALITY ACADEMIC
DELIVERY

BRAND
AWARD 03



BRAND
AWARD 02



March

- Informatics in Philippines won the International Master Franchise Award for Franchise Excellence, for the third consecutive year running.
- Informatics IT curricula and courseware approved by the Indian Institute of Technology (IIT), News Delhi, a top technology institute in India.

February

- Collaborated with a top Indonesian University, the Mercu Buana University, to conduct IT courses at the University.
- Informatics in India ties up with the Government of Mizoram (Northeast of India) to develop and conduct the Entrepreneur Development Programme, aimed at helping the unemployed youth in the State of Mizoram.
- Informatics led the Bio-Informatics initiatives in India, by partnering with India's Institute of Genomics & Integrative Biology (IGIB) to provide Bio-Informatics training to India's researchers and scientists.
- First foray into Libya, with its first Informatics centre in the capital city, Tripoli.

January

- Ranked amongst the top companies in Singapore 1000 - Awarded the Singapore 1000/ SME 500 in 2002/2003.

HIGHLIGHTS OF THE YEAR



2004

July

- Berjaya Group's Tan Sri Vincent Tan takes strategic stake of 28.7% in Informatics.
- Informatics opened its first centre in Mexico City, Mexico; the first of its centres in Latin America.

June

- NCC Education UK received re-recognition for a further 3 years for "Investors in People", a national standard award, which sets out a level of good practice for training and development of people to achieve business goals.

May

- Tycoon Oei Hong Leong takes substantial stake of 8.29% in Informatics.
- Informatics partners with the Jigawa State governor in Nigeria to offer IT programmes for the Jigawa State community.

April

- Informatics Libya opened its first centre in the capital city, Tripoli.

March

- Awarded the International Headquarters (IHQ) Award conferred by the Economic Development Board (EDB) Singapore
- Informatics made its first foray into Brazil, through its partnership with Instituto Informatics Brazil.

- Informatics collaborates with the University of Libya, the first and only private education institution accredited by Libya's High Committee of Private Education, MOE, to offer IT programmes at the University of Libya

2003

December

- Informatics makes its first foray into Mexico and Latin America - the first and only Singapore education group to set foot in Latin America.

October

- Informatics, in partnership with Oracle University as its first authorised partner, launches its first ORACLE9 Database Administrator Certified Master Programme in Asia.

November

- Won the Singapore Brand Award 2003 for the second consecutive year, awarded by IE Singapore.

June

- Winner of the Singapore Quality Class for Private Education Organisations (SQPC for PEO) Award, administered by SPRING Singapore.
- Set up Informatics Group Corporate University (IGCU) to provide world-class training and support services and facilities for franchisees and licensees.

CHAIRMAN'S STATEMENT

A YEAR OF CHALLENGES

The last financial year has been a tough and challenging year for Informatics. For the first time in our history as a public-listed firm, the Company announced a full-year loss for FY2004.

In the past 21 years, the Company had weathered many storms and overcome a number of downturns. Each time, we have emerged stronger, fitter and wiser. I have no doubt that the Company will be able to weather the recent passing storm and be stronger and fitter and wiser as we rebound towards recovery.

Informatics has since largely completed its housekeeping and put in checks and balances in its financial management control systems, including proper authorisation of accounting entries, adoption of consistent revenue recognition and strict adherence to the Company's accounting policies.

To steer the Company back in the right direction and restore confidence in the Informatics brand, the Board has appointed professional advisors to offer their expertise in the areas of finance and business

management. Renowned corporate advisor, NTan Corporate Advisory has been appointed as the Company's corporate advisors to work closely with the Board and Management to help navigate the Company in the right strategic direction.

The various professionals appointed have put up recommendations for the Board's review, some of which have already been implemented. Further measures will be implemented in the course of the year, and the results of these measures will be monitored and reviewed constantly.

We have also strengthened our management team with the appointment of a new Chief Executive Officer, Dr Michael Teng, who brings with him more than 24 years of corporate experience in the Asia Pacific. More importantly, he has a passion for education, having been actively involved with the Marketing Institute of Singapore for 14 years, the last four as its President.

Tycoon Mr Oei Hong Leong's Chip Lian Investments acquired a substantial stake of 8.29% in the Company in May 2004. Following this, in July, Malaysia's Berjaya

Group, controlled by tycoon Tan Sri Vincent Tan accumulated a substantial stake of 28.7% in Informatics and emerged as Informatics' single largest shareholder.

As a demonstration of their commitment to rebuild and expand our business, both parties agreed to support the Company's proposed 1-for-4 rights share cum warrant issue which will raise approximately S\$19.6 million. The proceeds will be used to repay bank obligations and as additional working capital. Details of this rights issue has been announced on 7 July 2004 and the final terms and conditions will be dispatched to all shareholders in due course.

In view of the extension of facilities with the two banks and announcement of the Rights Issue, the Board of Directors of the Company is of the view that the Group is now able to discharge its liabilities in the normal course of business and therefore will be able to continue as a going concern, subject to the completion of the Rights Issue and the continued extension of the facilities by the two banks.

AWARDS

The Company was conferred the International Headquarters (IHQ) Award in March 2004 by the Singapore Economic Development Board. During the year, Informatics won the Singapore Brand Award 2003 for the second consecutive year. Currently, we are the only education company with an award-winning brand name.

ON TRACK FOR GROWTH

Moving forward, the Company is now on track for future growth and expansion. We can now close the chapter on the recent problems and challenges. Our housekeeping has been largely completed. New systems, checks and balances are in place. Our balance sheet is progressively being strengthened. We have two new substantial shareholders who would add value to the Company. The Company also has a new and strengthened Board and a new CEO at the helm to steer it to higher ground.

APPRECIATION

We would not have weathered the recent passing storm if not for our stakeholders who continued to believe in Informatics and supported the Company in many different ways.

I would like to take this opportunity to thank Mr Oei Hong Leong and Tan Sri Vincent Tan for supporting the company to restore confidence in Informatics.

I must also record my appreciation to our long serving independent directors who had worked tirelessly to help resolve the many problems we faced in the past few months.

To our bankers, business partners and associates, on behalf of the Board, I would like to thank you for staying the course with us.

To our shareholders, I would like to thank you for your understanding and patience.

To our corporate customers and students at many of our schools, thank you for your continued confidence in Informatics.

Last but not least, I must acknowledge and record the Board's appreciation to all our staff for their loyalty, commitment and hard work, especially in the recent difficult few months.

The Board would like to record its appreciation to Mr Ong Boon Kheng for giving more than 20 years of his life to grow Informatics.

In conclusion, I would like to reassure all our stakeholders that we remain committed and focused on growing the Company and improving shareholder value.

Dr Wong Tai
Chairman
Informatics Group

OPERATIONS REVIEW

FINANCIAL YEAR 2004 –

1 APRIL 2003 TO 31 MARCH 2004

Informatics announced its disappointing first loss of S\$42.5 million, in the 11 years since its listing in 1993, as a result of revenue decline of 28% to S\$134 million and taking into account provisions for doubtful debts of S\$31.0 million and S\$4.9 million writedowns of goodwill relating to investments in subsidiaries.

The provisions and writedowns were the result of a more prudent assessment of the carrying value of certain of the Group's assets. These adjustments were made after taking into account recent developments and after discussions with PricewaterhouseCoopers and the company's auditors, Ernst & Young.

In October 2003, the Group's UK subsidiary, Informatics Group UK was put into Administration, after the Board decided to discontinue its operations, as a result of continuous deterioration of the trading environment for its business.

FORWARD STRATEGY

Due to the difficult business environment and increasing competition in the markets where the Group operates, the conditions will continue to be challenging. In the year ahead, the Company will refocus its efforts in profitable business segments and markets, review its non-profitable business, concentrate on collection of debts and on financial management control systems.

The Group will continue to expand its network through its business model of franchising and licensing, at the same time, enhancing its support model for franchisees and licensees to tap on. In the area of innovation and market-relevance, the Group will constantly seek new content and customise programmes based on market-relevance, incorporating the latest technological capabilities and infrastructure.

BOARD OF DIRECTORS



Dr Wong Tai

Dr Wong is the founder and chairman of Informatics Group. His accomplishment of transforming the company from a small local outfit when it was founded in 1983, to a well-established MNC and a leading global provider of lifelong learning services, led him to receive the Entrepreneurship Excellence Award in 1993, conferred by the Nanyang Technological University (Singapore). In addition, in recognition of his contribution to Singapore's IT education, he was conferred the Person of the Year of the IT Leaders Award by the Singapore Computer Society in 1997. Dr Wong holds a first class Honours Degree in Engineering from what is now known as the University of Westminster (UK) and a Doctor of Education Degree, Honoris Causa, from the University of Dubuque, Iowa (USA). He spent six years of his career with Hewlett Packard before he founded Informatics Group. He is a professional member of British Computer Society and a Chartered Engineer of Engineering Council (UK).

Dr Michael Teng Yeow Heng

Newly appointed CEO, Dr Teng, who joined Informatics in July 2004, will help to chart the strategic direction of the Group. He has more than 24 years of corporate experience in the Asia Pacific, holding CEO positions for the last 15 years. His career span includes West Pharmaceutical Services Singapore Pte Ltd, Scott & English Ltd and Wormald International (Singapore) Pte Ltd. Dr Teng has a Doctorate in Business Administration (DBA) from the University of South Australia and a Master of Business Administration (MBA) from the National University of Singapore. He is an engineer by training, and holds a Bachelor of Engineering, Mechanical (BEng) from the then University of Singapore. Dr Teng is a Fellow Member of several professional institutes such as the Chartered Marketing Institute, UK (FCMI), the Chartered Institute of Management, UK (FCIM), the Institution of Mechanical Engineers, UK (FIMechE), and the Institution of Electrical Engineers, UK (FIEE). He is a Senior Member of the Singapore Computer Society (SMSCS). He has served in the Executive Council of the Marketing Institute of Singapore for 14 years, the last four as its President. Dr Teng is a Chartered Engineer, UK (CEng) and a Professional Engineer, Singapore (PEng). He sat on the Advisory Boards of the Singapore Polytechnic's School of Business and the University of South Australia Doctoral Programme, and was a member of the International Resource Panel at NUS Business School. Dr Teng has authored a book, "Corporate Turnaround: Nursing a Sick Company Back to Health", published by Prentice Hall in 2002, which became a top-selling business book and was subsequently translated into Bahasa Indonesia. Dr Michael Teng is frequently featured in the media as a turnaround specialist.



Mr Frank Yung-Cheng Yung

Mr Yung is a director of Marco Polo Developments Ltd, Datacraft Asia Ltd and China Motion Telecom International Ltd. He served as Chairman of the Telecommunication Authority of Singapore from 1974 to 1986. Mr Yung was a member of the Civil Aviation Authority of Singapore from 1984 to 1987, a member of the Securities Industry Council from 1984 to 1985 and a member of the Advisory Committee of the Faculty of Business Administration, National University of Singapore from 1986 to 1993. Mr Yung is a member of the ICPAS and the Institute of Chartered Accountants in Scotland. His career spans 24 years with Inchcape Bhd, the last three as Deputy Chairman. In the late 1980s, he was Chief Executive of Singapore Press Holdings Limited. Mr Yung's past directorships include the Development Bank of Singapore Ltd and Times Publishing Ltd.

Mr Tang Chun Choy

Mr Tang holds a Bachelor of Engineering (Honours) degree from the then University of Singapore and a Master in Business Administration (MBA) from the University of British Columbia. He holds directorships in several public and private companies, including Creative Technology Ltd and Lindeteves-Jacoberg Limited. He has more than 30 years of experience in operations, banking, finance and investment and was previously the co-founder and Vice-Chairman of Walden International.



Dr Seet Ai Mee nee Ling

Appointed to the Board of Directors of the Company on 1 September 1994, she is a Member of the Audit Committee, Services & Excellence Committee, Remuneration Committee and serves as Chairman of the Nominating Committee of the Company. Dr Seet is currently the Managing Director of AML Sci-ed Consultants Pte Ltd. She is an independent director of the Board of Directors of Aussino Group Ltd, Courts (Singapore) Ltd, Datacraft Asia Ltd and Jade Technologies Singapore Ltd. From 1988-1991, Dr Seet was a member of Parliament where she served as Minister of State (Community Development and Education) and subsequently as Minister for Community Development. Dr Seet was a Colombo Plan Scholar with a Bachelor of Science Honours (First Class) in Biochemistry and holds a PhD in Clinical Biochemistry. She is an Honorary Advisor of the Singapore Manual and Mercantile Workers' Union. Active in community service, Dr Seet is a Justice of Peace of the Republic of Singapore, and among many service portfolios has served as Founder Chairman of the Dover Park Hospice (1992-1997), first Chairman of the Singapore Hospice Council (1995 - 1997) and President of the Singapore Association for the Deaf (1985-1988). She is currently President of the Hospice Care Association and is a Fellow of the Singapore Institute of Directors.

Professor Neo Boon Siong

Professor Neo is currently the Dean of the Nanyang Business School at the Nanyang Technological University, Singapore, whereby he led the School to become one of the best in Asia. He received a Public Administration Medal (Silver) from the President of Singapore in the 1999 national day Honours Award for his contributions to education in Singapore. A leading expert in business strategy, process management and organisational change, Professor Neo is a certified Public accountant (Singapore) and holds a Bachelor of Accountancy (Honours) from the National University of Singapore, a Master of Business Administration and a Doctorate degree from the University of Pittsburgh, USA. He also serves as Director on the Boards of Great Eastern Holdings Ltd, Great Eastern Life Ltd and Overseas Assurance Ltd.

Mr Ung Gim Sei

Mr Ung is a senior partner of Singapore law firm, Messrs. T.M. Hoon & Co., and a part-time law lecturer at the Nanyang Technological University, Singapore. He is also an Advocate and Solicitor, Supreme Court of Singapore. He holds a Bachelor of Arts (2nd Uppers Hons) in Economics from the National University of Singapore, and a Masters in Law (Distinction) in Chinese and Comparative Laws, from the City University of Hong Kong. He has obtained a Common Professional Examinations in Law from the UK and a Graduate Diploma in Singapore Law from the National University of Singapore. Prior to taking up Law, Mr Ung started his career in the media and publishing industry and assumed key positions at Nanyang Siang Pau, Singapore Press Holdings and Hong Kong Sing Tao Newspaper Group. He sat in various government and quasi-government committees, including being a Consultative Committee Member of the Department of Economics, National University of Singapore; Government Parliamentary Committee Member (Resource Panel), Ministry of Community Development; Council Member, Singapore Institute of Management.

CORPORATE INFORMATION

Board of Directors

Dr Wong Tai
Dr Michael Teng Yeow Heng
Mr Frank Yung-Cheng Yung
Dr Seet Ai Mee nee Ling
Mr Tang Chun Choy
Professor Neo Boon Siong
Mr Ung Gim Sei

Executive Committee

Dr Michael Teng Yeow Heng (Chairman)
Mr Raymond Quek Hiong How
Mr Yew How Kien
Mr Lawrence Wee Thian Kiong
Mr Dennis Foo Suan Hua
Mr Anthony Lee Chiaw Han
Mr Jim Tan Min Hai
Mr Tan Eng Han
Mr Jaber Zain
Mr David Pottinger
Ms Mabel Cheung Oi Lin
Ms Catherine Chan Min Kei

Audit Committee

Mr Frank Yung-Cheng Yung (Chairman)
Dr Seet Ai Mee nee Ling
Mr Tang Chun Choy

Nominating Committee

Dr Seet Ai Mee (Chairman)
Dr Wong Tai

Operational Review And Corporate Standards Committee

Mr Tang Chun Choy (Chairman)
Dr Michael Teng Yeow Heng

Remuneration And Strategic Human Resource Committee

Mr Frank Yung-Cheng Yung (Chairman)
Dr Seet Ai Mee nee Ling

Investor Relations And Board Performance Working Committee

Dr Michael Teng Yeow Heng (Chairman)
Mr Tang Chun Choy

Merger And Acquisition Committee

Dr Wong Tai (Chairman)
Mr Frank Yung-Cheng Yung

Service Excellence Committee

Dr Seet Ai Mee nee Ling (Chairman)

Dr Michael Teng Yeow Heng

Informatics Group Share Option Scheme Committee

Mr Tang Chun Choy (Chairman)

Dr Michael Teng Yeow Heng

Registered Office

Informatics Building

5 International Business Park

Singapore 609914

Tel : (65) 6562 5625

Fax : (65) 6565 1371

Website : www.informaticsgroup.com

Share Registrar and Share Transfer Office

M & C Services Private Limited

138 Robinson Road #17-00

The Corporate Office

Singapore 068906

Auditors

Ernst & Young

Certified Public Accountant

Partner-in-charge:

Steven Phan Swee Kim (since Financial Year 2004)

10 Collyer Quay

#21-01 Ocean Building

Singapore 049315

Bankers

Development Bank of Singapore Ltd

6 Shenton Way

DBS Building

Singapore 068809

ABN AMRO Bank N.V.

63 Chulia Street

Singapore 049514

Company Secretaries

Mr Raymond Quek Hiong How

Mr Michael Tay Kwang How

EXECUTIVE COMMITTEE



Dr Michael Teng Yeow Heng
Chief Executive Officer

Dr Teng has more than 24 years of corporate experience in the Asia Pacific, holding CEO positions for the last 15 years. His career span includes West Pharmaceutical Services Singapore Pte Ltd, Scott & English Ltd and Wormald International (Singapore) Pte Ltd. Dr Teng has a Doctorate in Business Administration (DBA) from the University of South Australia and a Master of Business Administration (MBA) from the National University of Singapore. He is an engineer by training, and holds a Bachelor of Engineering, Mechanical (BEng) from the then University of Singapore. He has served in the Executive Council of the Marketing Institute of Singapore for 14 years, the last four as its President. Dr Teng sat on the Advisory Boards of the Singapore Polytechnic's School of Business and the University of South Australia Doctoral Programme, and was a member of the International Resource Panel at NUS Business School.



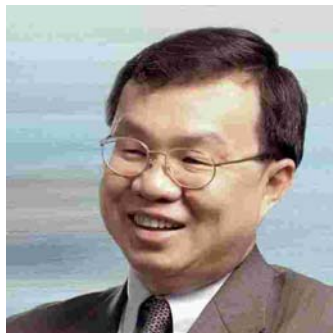
Mr Raymond Quek
Chief Financial Officer

Mr Quek joined Informatics Group in October 2003. With more than 25 years of experience in financial management, operations review and business management, Mr Quek is responsible for spearheading the Group's financial management and operations. He was previously the CFO of Keppel Telecommunications and Transportation Ltd, a telecommunications and logistics subsidiary of Keppel Corporation. In his earlier career span, Mr Quek was the Vice President of Finance and Administration at the Television Corporation of Singapore Pte Ltd for seven years, and spent almost 10 years at ABB Vetco Gray Pte Ltd as the Group's Director of Finance. Mr Quek is a Certified Public Accountant and a fellow of the Association of Chartered and Certified Accountants (UK).



Mr Dennis Foo
Vice President for Global Higher Education and PurpleTrain.com

Mr Foo joined Informatics Singapore back in 1999 as a lecturer. In early 2001, he was posted to the Informatics Hong Kong office as Executive Director. In late 2002, he returned to the Singapore HQ to take up the position of Vice President of Global Higher Education and subsequently PurpleTrain.com. He was Executive Director of Informatics HK before being promoted to his current position. Mr Foo holds an MSc in IT (Software Engineering) from the University of Glasgow, UK. Prior to joining Informatics, he was an IT Consultant with KPMG.



Mr Yew How Kien
Senior Vice President,
Informatics Group Malaysia

Mr Yew joined Informatics Malaysia in 1984, the first year of operations in Malaysia. He started his career at Informatics as a lecturer, just after graduating with a BSc (Hons). He was promoted to Executive Director for Malaysia in 1994 and to Director for Mergers and Acquisitions, Informatics Group in 1999. Mr Yew took on the role of Senior Vice President for Malaysia in 2002.



Mr Anthony Lee Chiaw Han
Executive Director,
Informatics Group Malaysia

Mr Lee joined Informatics Malaysia in 1988 and was one of the pioneers of Informatics Malaysia. He started his career as a lecturer in Informatics Penang and assumed the role of Executive Director of Informatics Group Malaysia in April 2000. Mr Lee is a Bachelor of Science graduate, with a Master's in Business Administration from Universiti Sains Malaysia (USM).



Mr Jim Tan Min Hai
Vice President, China Business Group

Mr Tan joined Informatics in 1993 as a trainer at the Singapore operations for four years. He was promoted to Country Business Manager (SEA) in 1997 and then to Assistant Director of Operations, Informatics International in 1998, where he was responsible for the operational management and support of franchise centres outside Singapore. In 1999, he was posted to China as the Executive Director for the Shanghai operations. He assumed the role of Director, Franchise Startup and Support, and was subsequently promoted to Vice President, China Business Group in early 2004. He started his career as an Analyst Programmer after graduating with a Higher Diploma in Computer Studies. He is currently pursuing his MBA from the University of Liverpool.



Mr David Pottinger

Managing Director, NCC Education
Mr Pottinger joined Informatics Group in 2000. He has nineteen years of professional experience in the international education sector, living and working in seven countries in Asia, Europe, the Middle East and Latin America. He holds an MA (Hons) in Modern Languages from the University of Edinburgh, and an MA in Applied Linguistics from the University of Lancaster, in addition to an MBA from the Open University Business School in the UK.



Mr Tan Eng Han

Vice President, Shanghai
Mr Tan joined Informatics in 1993 and was posted to the Shanghai office in 1995. He has accumulated extensive experience in starting and managing Education and Training businesses in China. Mr Tan left Informatics in 2000 and rejoined Informatics in April 2003. Mr Tan graduated with a Bachelor of Accounting from the Nanyang Technological University (Singapore) and holds an MBA in Investment and Finance from the University of Hull (UK).



Mr Lawrence Wee Thian Kiong

Senior Vice President, Informatics Corporate Learning
Mr Wee joined Informatics in 1991, in various roles within the Group. Between 1997 to 2000, he left the company to pursue other career interests with Oracle and Hewlett-Packard in sales and business development. In 2000, Mr Wee rejoined Informatics as Business Development Manager for the Emerging Markets. Over the years, he moved up the ranks to become the Senior Vice President of Singapore Domestic Operations in October 2002. Mr Wee has a degree in Computer Technology from Curtin University (Australia).



Ms Catherine Chan Min Kei

Business Director, Informatics (HK) Ltd
Ms Catherine Chan joined Informatics in 2001 as Assistant Center Manager at Hong Kong's Yau Ma Tei center. She was promoted to Senior Business Manager to take charge of Informatics Corporate Learning business in 2002 and became Business Director in early 2003. Ms Chan holds a Bachelor degree in Statistics from the Chinese University of Hong Kong and a Master degree in Information System Management from Hong Kong University of Science and Technology. She is currently pursuing her third degree in Law Studies from London University.



Mr Jaber Zain

Vice President, Informatics Group Europe Limited
Mr Zain has been in the IT business for 12 years, the last 10 in management positions. He is a qualified programmer from the Computer College for Creative Computer Education and further business management training from the Institution for Enterprise Management in Sweden. Mr Zain is now Managing Director of Informatics Group UK (IGUK) and also oversees the Group's Sweden operations, Cornerstone. He was the Managing Director of Cornerstone when Informatics Holdings Ltd acquired a stake in the company in June 1999.



Ms Mabel Cheung Oi Lin

Head, Informatics (HK) Ltd
Ms Cheung joined Informatics in February 1998 as an Accountant. Over the years, she has worked in various positions within Informatics and was most recently promoted to head the Hong Kong team. Ms Cheung holds a Bachelor in Business from the University of Technology (Sydney), and is a member of the CPA (Australia). Prior to joining Informatics, Ms Cheung has about 5 years of experience in the commercial field.

CORPORATE CAPABILITIES



“...Informatics centres are encouraged to seek innovative and best service practices both internally and externally and to adapt their implementation in the centres...”

SERVICE EXCELLENCE

As a global training and education services provider, Informatics emphasizes academic quality and service excellence as the paramount success pillars in the learning sector today. Henceforth, developing a customer-centric mindset amongst all staff members is a key corporate strategy at Informatics.

We have received several accolades such as ISO certifications in Singapore, Hong Kong, Shanghai, Malaysia, the Philippines and the United Kingdom. We have been awarded the prestigious Singapore Brand Award, People Developer Standard Award and Singapore Quality Class Award for Private Education Organisations (SQC for PEO), as recognition for our commitment to quality. The SQC for PEO award is a distinguished mark of business excellence for

Informatics. Despite an impressive record of achievements, Informatics will not rest on its laurels. We now aim to further raise the service excellence benchmarks, with a prime focus on delivering greater levels of customer care and higher standards of service to all our customers.

Informatics' TQM programme, QUEST (or "Quality to Ensure SaTisfaction") has helped to develop an organizational culture whereby every level of Informatics staff is motivated to strive for continuous quality improvements via creativity and innovation to provide consistent quality services to customers. As part of our service excellence journey, Informatics has realigned its QUEST Movement to focus on adding new values of services in our businesses to our customers. Through QUEST, all staff are committed

to delivering timely, responsive and high standards of services to 'delight' customers, both externally and internally.

The cornerstone of our service excellence journey is the formation of the management-level Service Excellence Steering Committee which reports directly to the Board of Directors. Through the Committee's constant drive, service excellence is now pushed to the forefront of our operations, systems and culture. It now becomes the key responsibility of every Informatics staff to provide sincere and caring services to their customers. Our commitment in providing high standards of services to every customer will be the differentiating factor that will provide us the competitive edge over other players in the learning industry.

Some of the major service initiatives undertaken by Informatics globally include the establishment of more customer feedback channels (e.g. regular dialogue sessions with customers); integration of customer information systems to provide one-stop and responsive information services to the customers; setting of minimum service standards as fundamental benchmarks that must be fully complied by all centres and staff members; customer satisfaction index system to rank all service centres according to their performance based on a set of key service indicators; and more service awards and recognition schemes to recognise staff for their excellent service efforts.

More importantly, Informatics constantly reviews best service practices from world-class organizations via a series of benchmarking projects. Through service benchmarking, Informatics centres are encouraged to seek innovative and best service practices both internally and externally and to adapt their implementation in the centres. Some of the best

practices adopted in Informatics are service perception surveys, global service centre website, awards schemes and regular dialogue sessions with students. By continuously identifying and bridging these service gaps, the Service Excellence Steering Committee aims to make Informatics a world class service organization within the next three years.

Customer care, customer intimacy and customer sensitivity have now been firmly established as the key corporate drivers for Informatics. Together with its well-established service excellence framework at all centres, Informatics believes that these initiatives and best practices will help reaffirm its status as an excellent global education service provider.

HUMAN RESOURCE MANAGEMENT

Informatics recognises that people are important assets of the organisation and this is engraved in our core values statement. The company is a People Developer Standard award winner in Singapore since August 2002 and this award marks a significant milestone in our quest to become a world-class provider of HR services, positioning Informatics as an employer of choice.

The company's HRM objective is to use best practices in people management to develop our people to their maximum potential and to the best of their capabilities. This is a real value to shareholders, as it translates into higher returns and growth.

On a global scale, Corporate HR's strategic focus includes:

- a. Talent identification and management
- b. Leadership cultivation
- c. Global Compensation and Benefits
- d. Consistent worldwide core policies & philosophy
- e. Continual benchmarking of best practices

The key areas of focus within the HRM are training and development, recruitment and retention, benefits and compensation, rewards and recognition, fostering a desirable work ethics and culture, and creating conducive work environment.

One important HRM function is effective and timely communication with employees. Some of the key initiatives implemented in this area include: Staff Forum presented by senior management, regular face-to-face communication sessions between managers and staff, and senior management also conduct web-based communication sessions, particularly for overseas offices globally.

In tandem with our belief that good HR management is critical to the company's business growth and profitability, in the new fiscal year, our focus will be on training and development, not just job-related training, but overall management and leadership skills as well as core functional skills like business finance, service quality, public relations and internal audit.

We have launched important training initiatives to make all managers more versatile and better managers, namely Informatics Basic Management Training (IBMT) and the Group Functional Training. These initiatives help staff to be knowledgeable in all the functional areas of the Group. We have also started various Sales training, Service and Academic Schools to provide relevant skills and knowledge training for all staff members.

A recognition and reward scheme, the quarterly Chairman's Service Excellence Award, has been implemented to award high-performance employees who have consistently demonstrated excellent performance in his or her role and function. This award

is the pinnacle of all staff recognition awards in the Informatics Group. A total of 71 awards have been given out in the financial year.

PUBLIC RELATIONS

Public Relations is now organised as a strategic function of the Group, with a key focus on brand equity as an important economic asset and a competitive edge in the market. The Group's public relations and marketing charter is to build global brand equity to enable a high level of brand competitiveness in the global marketplace, in order to maximise market share.

A core set of standards and best practices for public relations and marketing have been put in place to help establish Informatics as a strong international brand in the quality lifelong learning services market. A revamped, up-to-date and easy-to-navigate website has been launched to better facilitate the timely flow of information to the market. Quarterly newsletters are generated by every business function to keep customers and the public updated on the latest developments within the Group. E-newsletters in magazine format and regular electronic news updates are distributed to a wide network of partners, customers, students and business associates to extend our reach further. The Group constantly reviews its information content and continuously improves its format, presentation and delivery to serve our customers and the public more effectively and efficiently.

Informatics is the only education company that has been awarded the prestigious Singapore Brand Award for two consecutive years – for 2003 and 2002. This is a distinguished award recognising Singapore's most prominent brands, and is a definite testament to the value of the Informatics brand.



Through a focused and integrated public relations and branding strategy, coupled with effective and timely communication efforts, the Group seeks to enhance brand value and market share, to strengthen its leadership position in the market.

INVESTOR RELATIONS

As part of the Group's objective to facilitate timely and accurate communication to the investment community, Informatics senior management has made much effort to be responsive and accessible to investors and analysts. Informatics management has maintained an open channel of communication with the financial community.

This year, the company has integrated its Investor Relations website onto ShareInvestor.com, a defacto website for investors, in a further effort to make communication with the financial community more seamless and open. The Management has

also embarked on a webcast of its full-year results announcement, which is uploaded on ShareInvestor.com. This makes for easier access to information anytime, anywhere, offering more convenience and flexibility to investors.

The company will continue to foster strong investor confidence in the company and to practice fair and continued transparent disclosure of our performance and results, and to ultimately maximise shareholders' returns and value.

FINANCE

The primary objective for the Finance function within Informatics is to ensure an infrastructure that is able to provide timely 'true and fair' financial information of the business to all stakeholders – investors, partners, vendors and employees – providing fundamental value to all. This is supported by verification of independent auditors.

The Finance organisation structure is spearheaded by the Chief Financial Officer (CFO) of the Group. The Finance team is directly accountable to the CFO. This operating structure provides an environment of independence to the business such that the business financial information will be in compliance with the Group's accounting and financial policies and maintains a high standard of financial integrity and corporate governance.

With strong financial leadership led by the Group's CFO, key financial strategies have been put in place to help achieve the department's objective. These include deploying centralised systems in tax planning and treasury and fund management. In addition, Finance will oversee and effectively manage the Group's investments with the objective to maximise business growth.

The Finance group establishes and works within a framework of proper internal controls, optimal financial and operational systems, with well documented processes, procedures and policies. This is further strengthened by a team of competent finance professionals to deliver the assurance to stakeholders.

As a value-add to the business, finance professionals conduct regular training for non-finance managers to enhance and sharpen the financial knowledge of managers and employees within the Group in the areas of financial policies, concepts, processes, procedures and systems.

The Finance leadership will make continual improvements to strengthen its internal control systems and processes, and closely integrate the operational, financial and management information

systems to provide relevant information to support management.

INTERNAL AUDIT

Internal Audit serves to keep business risks and fraud in check. The Group's Audit Charter safeguards the independence of the internal audit function with the Head of Group Internal Audit reporting directly to the Audit Committee. Audit plans are drawn up based on the inherent business and control risks in each operating unit and their financial significance to the whole Group. The Audit Committee approves the work of the internal audit function, and reviews the conclusions of its work.

The Internal Audit function adopts a geographic model, with internal audit professionals located within the Group's operational offices in the UK, Shanghai, Malaysia, the Philippines, Singapore, as well as its corporate HQ in Singapore. Close proximity of the audit staff to each market is an efficient, cost-effective mode of audit operation, and acts as a deterrent for optimum "auditing" performance.

In the past year, the Group Internal Audit completed many assignments comprising planned financial and operational audits, systems reviews and special assignments. The consultative and research work continued to play a significant part, although the bulk of Internal Audit activities consist primarily of audit assurance.

Key to Audit Governance is improving the level of Internal Controls awareness throughout the whole Group to maintain business ethics, and this is one of the top priorities for Internal Audit. Staff training and education on the role and importance of audit

standards, and empowering every employee to be “audit officers” will help to minimise fraud and unethical business practices.

INFORMATION TECHNOLOGY

Information Technology (IT) is positioned as a key strategic business and management enabler tool for competitive advantage in the market. IT strives to provide seamless infrastructure and knowledge IT support through a one-stop technology solution centre to our global education network. The IT function is set to drive and introduce more innovative IT knowledge-based solutions, in line with rapid technological changes.

The Group adopts the latest state-of-the-art technologies to support a world-class IT infrastructure, providing students with facilities like wireless Internet access, Informatics Virtual Campus (IVC), Executive Virtual Campus (EVC), and Informatics Management Information System web (iMISweb). These world-class service facilities are implemented to boost classroom instructions, learning opportunities and student information via one ID.

IVC allows college-going students to track, manage, promote and share information with easy to use online tools such as email, message boards, discussion groups and publishing features, all in one unified system. This exciting campus community platform connects thousands of users a week. With the iMISweb link, students are able to access information relating to their student profile such as class schedules,

attendance updates, payment, and completion history of programme modules.

The EVC is an interactive virtual campus – a value-added extension to the physical classroom – to offer busy working executives a flexible approach to learning and networking via both classroom and online modes. This real-time platform allows scheduled 'live' lectures to be conducted online with active learner's “anytime, anywhere” participation, allowing students to juggle the demands of work, study and family life.

Last year, Informatics has introduced iMISweb, an integrated student information database management system. Its objective is to integrate data management facilities inside control systems using the advances of database management systems and real-time application management with properties of dependability and distribution. This “information-on-demand” application will help management make more accurate and timely business decisions.

The Group has implemented and improved upon its Lotus Notes Knowledge Network, which allows its global offices to access useful information in these Knowledge Centres, facilitating management and staff “information-on-demand”.

Informatics will continue to innovate and expand its IT capabilities to provide students with greater flexibility in learning through the utilisation of the latest technologies.

GLOBAL BUSINESS



“...Higher Education at Informatics comprises professional institutional resources to develop the human capital through our quality education and training programmes....”

OVERVIEW

Informatics focuses on four key business segments, catering to the very young learners from a tender age of 18 months to mature lifelong learners. The core businesses are:

- i) Higher Education
- ii) e-Learning (PurpleTrain.com)
- iii) Informatics Corporate Learning
- iv) Young Learners Group

Higher Education engineers its mechanism, research and content development specifically for two primary business segments: the college-going students and the lifelong learners. Diplomas, Advanced Diplomas, Degrees, Masters and Doctorates qualifications in a range of business, engineering and technology fields are offered. Higher Education Institutions research and develop its programme content through

partnerships and alliances with reputable universities and educational institutions worldwide. The Institutions in Higher Education work closely with international accreditation award bodies like Informatics Academy, NCC Education (UK) and the University of Cambridge Local Examinations Syndicate (UCLES) to ensure the qualifications administered meet the international quality and standard criteria.

e-Learning transforms advanced Internet and wireless technologies and utilizes up-to-date IT capabilities to provide an innovative infrastructure for its online virtual campus platform for e-Learners. e-Learners generally fit the profile of busy working professionals, who require the flexibility and anytime, anywhere learning concept of e-Learning. Programmes offered on the e-Learning platform include a diverse range of more than 700 online courses in business, e-Commerce,

management, and computer studies, leading to Diplomas, Advanced Diplomas, first and higher degrees qualifications.

Corporate Learning is designed for the corporate market, providing training and skills upgrade and enhancement to the workforce, in both technical and non-technical areas. Corporate Learning works with many corporate partners like Novell, Oracle, Microsoft and Cisco, to design and develop market-relevant training curricula for the corporate segment. Some of the core programmes are certifications in Cisco Networking, Microsoft Applications and Web Designing. New programmes launched during the year include: Computer Hacking Forensic Investigator, Project Management Professional, Disaster and Backup Recovery, e-Business suites (eg: CRM, ERP, e-Commerce Architect and e-Business Security) and Financial Risk Management.

Young Learners Group operates in a niche area of providing quality education and development for the young from 18 months to 18 years, i.e. from pre-school to elementary and youth education. Cambridge Child Development Centre provides for the pre-school segment, while CAL Learning Center caters to the elementary and youth market. Cambridge offers quality early childhood (pre-school) education and development, with the objective to providing a multi-faceted developmental programme for young children that incorporates all aspects of intellectual and socio-physical development. CAL aims to provide a headstart to young learners by offering IT and computer literacy skills. Its curricula is based on a journey of 'discovery', incorporating many innovative learning experiences to stimulate the inquisitive minds of young learners.

The delivery mechanisms include: (a) Taught classroom (traditional face-to-face), (b) Distance Learning, (c) e-Learning and (d) Blended Learning (hybrid). Learners and students have great flexibility in choosing their desired mode of delivery of their education and training programmes. Blended Learning, a hybrid of any permutation of all the learning modes, has become popular due to its flexibility in scheduling, which can be modified in any combination to suit an individual's busy lifestyle. Qualifications from reputable universities in the United Kingdom, the United States, Australia and Canada can be achieved through all modes of study.

Each business group – Higher Education, e-Learning, Corporate Learning, Young Learners – working with partners, will continually research, develop and design content to meet dynamic market demands in their respective areas of expertise and specialisation to constantly delivering innovative learning services to the markets.

HIGHER EDUCATION

Higher Education at Informatics comprises professional institutional resources to develop the human capital through our quality education and training programmes. The objective is to develop individuals to maximise their potential to meet the challenges in the new economy. We provide college-going students with new opportunities for tertiary education and self-development for lifelong learners.

Through Informatics Academy, the international tertiary education awarding body of Higher Education, learners are assured of an Award that bears the quality assurance mark endorsed by the Academic Governance framework.



In addition, we have well-established strategic partnerships and alliances with renowned universities and educational institutions around the world to ensure that our quality tertiary programmes are recognised worldwide. We have partnerships with more than 50 prestigious universities from the United Kingdom, the United States, Canada, Australia and New Zealand.

Higher Education programmes ranging from diplomas, bachelor degrees, masters to doctoral degrees are conducted through the worldwide network of Informatics Colleges, Informatics Institutes and Thames Business Schools. We work closely with our institutional partners to develop these programmes through our faculties: Institute of Business, Finance and Management, Institute of Info-Comm Technology, Institute of Engineering and Technology, Institute of Postgraduate Studies and Institute of Knowledge Economy.

Our education programmes are made available globally through traditional classroom mode of learning, web-

based interactive learning (e-Learning), distance learning and a blended learning approach of both taught and e-learning modes.

Informatics is constantly evolving its Higher Education component to provide high quality educational programmes.

Informatics Academy

With the aim of becoming the global leader in providing quality lifelong learning services before 2007, Informatics Higher Education awards its own certification through Informatics Academy (IA), an international tertiary education awarding body, established in the United Kingdom, the United States and Singapore.

IA is formed in accordance with the Academic Governance framework, and is overseen by the International Advisory Panel (comprising a team of distinguished academic professionals) and the Academic Council. It ensures its IA awards, bearing the

quality assurance mark through its excellent academic track record, will be recognised and accepted by employers and universities for employment and credit transfer respectively.

Institute of Info-Comm Technology

Institute of Info-Comm Technology offers a wide range of qualifications specially tailored to equip individuals with the skill sets to prepare for a career in the Info-Comm and IT industry.

Our 3-year IT Degree Pathway is designed to lead our students to a Degree in 3 yearly stages. Students will embark on our Diploma programme in the first year of study, after which they will progress to a higher level of learning with the Advanced Diploma Programmes, and finally pursue their Degree from any of our affiliated prestigious universities in their third year of study.

Through our strategic collaborations with many renowned universities in the United States, the United Kingdom and Australia, students are able to obtain qualifications from leading universities like RMIT University, Curtin University, University of Wales, University of Portsmouth, University of Central England in Birmingham and Salem International University. Other partnerships include a Masters programme in IT from the University of Wales.

Informatics has designed a unique and innovative e-Learning platform at Purpletrain.com, for busy working professionals who have to trade their time among work, family, travel and academic pursuit to opt for flexibility of study. As an additional benefit, these busy professionals can combine the on-line and taught class services together to fit their schedules.

Institute of Business, Finance and Management

The Institute of Business, Finance and Management provides the entire range of professional business qualifications and products under Thames Business School. The primary objective of the Institute is then, to provide the industry with the calibre of knowledge workers it requires.

Programmes are specially designed for individuals who plan to seek a profession in the dynamic business and financial environment in the new economy. The Institute constantly reviews market dynamics to offer up-to-date, industry relevant programmes, ranging from Business Administration and Mass Communications, to Accounting and Language programmes.

Academic programmes up to the second year of study are awarded by Informatics Academy. The pathway for the final year programme is completed at associate and partner universities in the UK, the US, Australia and Canada, such as the University of Wales, University of Portsmouth, Heriot Watt University and Salem International University.

Institute of Engineering & Technology

The Institute of Engineering & Technology aims to equip students with the requisite engineering qualification and expertise needed in computer engineering and related fields of engineering for the 21st century. Programmes include hands-on technical laboratory experience which allows students to develop physical design and applications from conceptual and theoretical frameworks.

Offering a complete engineering pathway, Institute of Engineering allows non-engineering background

students to gain entry to Foundational Engineering Studies before progression to their undergraduate studies in the disciplines of Computer Engineering, Communications and Electronics Engineering. Completing their Engineering Bachelor's either on campus or through distance learning in any Informatics Engineering Centres, the Institute offers recognised pathways into many prestigious universities in the United Kingdom and Australia.

The Institute continues to tap into the growth sector of Computer Engineering and Electrical and Electronics Engineering and strives to forge future partnership with prestigious universities worldwide, like University of Portsmouth, Exeter University, Northumbria University and the University of Southern Queensland.

Institute of Knowledge Economy

The Institute of Knowledge Economy was set up to fill the needs of the knowledge-based economy, where knowledge is power. The advent of the Internet, e-Commerce, and technology has created an information overload. The ability to process raw data and turn it into competitive and market information, to be assimilated as knowledge, is a key competitive advantage for any business.

Organisations in the new knowledge economy must be knowledge-driven. They must learn to recognise changes in intellectual capital in the worth of their business and ultimately in their balance sheets. A firm's intellectual capital – employees' knowledge, brainpower, know-how, and processes, as well as its ability to continuously improve its processes – provides a competitive edge.

Informatics recognises the need to continually train and upgrade the intellectual capital of an organisation.

The Institute of Knowledge Economy aims to help organisations maintain their competitive edge through its customised programmes, which encompasses thematic academic directives like globalisation, innovation technology, commercial linkages, entrepreneurship and creativity and innovation.

As the new economy requires a multi-disciplined individual, extending beyond technical capabilities, the convergence of many disciplines offered by the Institute of Knowledge Economy seeks to fill the 'gap' in market demand. Some areas of focus of the Institute include nursing, art and design, life sciences, cultural management, hospitality and service management and teaching.

Institute of Postgraduate Studies

The Institute of Postgraduate Studies has been established to address the burgeoning growth area in the market for postgraduate education. It aims to provide opportunities of higher learning to mature executives who desire to upgrade and network with peers from different industries.

One of the key strategic objectives of this Institute is to deliver postgraduate programmes in as flexible a mode as possible and to develop a way to promote these programmes globally.

The role of the Institute of Postgraduate Studies is a unique one. We are at the forefront of enabling executives to make quantum leaps in their careers and thereby contribute to the collective wealth of knowledge in the various fields of study.

Programmes offered include the Master of Business Administration from Salem International University and University of Wales, and Doctorate programme



from the University of Southern Queensland. A newly-launched programme is the Postgraduate Diploma in Marketing Communications awarded by Informatics Academy, as a bridging programme to the Master of Marketing Communications from the University of Canberra (Australia).

The Institute strives to reach a world-class standing in its offering of a premium portfolio of postgraduate programmes from prestigious universities worldwide.

NCC Education

NCC Education, based in UK, is the world's leading independent provider of IT training and education programmes. It was established by the UK government in 1966 to encourage and stimulate the growth of computer usage and to ensure the widespread availability of adequate Information Technology (IT) training. Its pedigree comes from a history of 30 years of specialist knowledge in the IT industry.

NCC Education operates with and through a worldwide network of approved training partners. Through these centres, NCC Education offers a range of education programmes, from computer literacy courses to post-graduate qualifications for experienced IT professionals.

For over 35 years, NCC Education has been providing individuals with the skills and knowledge they require in order to access rewarding careers. The company partners with private education centres in more than 45 countries to help them promote its own qualifications and that of its university partners. It has a network of over 350 partner centres.

In early April 2004, NCC Education and Informatics launched a new type of certificate validated by NCC Education. The Certification of Basic Skills is a PC competency test that enables candidates to take tests on demand when they feel they are ready.

NCC Education's ATS system, an online testing service that is used to assess students in 2,500 education centres worldwide, continues to be popular and has become an award-winning testing software.

NCC Education will move forward into the year with plans to strengthen its links with universities, expand its course offerings, and establishing itself as a full-fledged education and international qualifications provider, as well as aggressively promoting its Education Partnership Programme.

Salem International University

Founded in 1888 as Salem College, Salem International University (SIU) is a private, independent, liberal arts college based in West Virginia. In July 2001, SIU entered into a partnership with Informatics Holdings Ltd and seeks to provide students with an international, intercultural educational experience through the offers of Baccalaureate degrees and degrees at the Masters level. SIU is accredited by The Higher Learning Commission, North Central Association of Colleges and Schools. Through this partnership, Informatics diploma students are able to transfer their credits to complete their graduate degree and master programmes at SIU.

Informatics with SIU offers degree and master programmes fully online as well as on-campus. These programmes include: Bachelor of Science (BSc) in Computer Science (IT Major), Bachelor of Science (BSc) in Business Management (Management or International Business) and Master of Business Administration.

On-campus students get to expand their horizons by being a part of a diverse, multi-cultural community with students from all over the world and have access

to state-of-the-art computing and research facilities, and even sports and recreation activities.

Online students can also benefit from a multi-cultural environment. This is made possible via the virtual classroom on the e-Learning platform, PurpleTrain.com. The fully online e-Learning programme enables busy working professionals with time challenges in work and personal commitment to pursue an American degree. Online interaction amongst students and instructors, and the convenience of access to the virtual campus, anytime, anywhere, has made e-Learning an attractive avenue of pursuing a degree for busy professionals.

e-LEARNING

Informatics is the pioneer in implementing e-learning in the Higher Education cyberspace in Asia. This is delivered through its e-Learning arm, PurpleTrain.com, which is now Asia's leading e-Learning services provider. Its e-Learners cover more than 33 countries spanning Asia, Africa, Europe and North America, with an e-User database of 72,000.

PurpleTrain.com targets primarily working adults – the PMEBS or Professionals, Manager, Executives and Businessmen – seeking to upgrade their skills and academic qualifications, for career advancement and personal enrichment. The asynchronous nature of e-Learning is ideal for PMEBS who are unable to attend fixed-schedule classes. For those with irregular shift duties, offshore assignments or heavy overseas travel, e-Learning is in fact the only viable option to complete a degree or master's programme, without 'physical disruptions'. e-Learning offers total flexibility and anytime, anywhere study. Increasingly, e-Learning is fast becoming a popular alternative mode of learning,



outside of the traditional classroom environment. PurpleTrain.com is focusing its efforts on growing its premium degree offerings – Bachelors and Master’s degree programmes offered by American, British and Australian universities.

Key programmes launched in the past year include: the Master of International Business by Macquarie University, the Master of Science in International Finance by the University of Wales, and the Master of Science in Business IT by the University of Wales. More quality programmes are expected to be launched in the year.

Being a pioneer in e-Learning, PurpleTrain.com boasts cutting-edge technologies and infrastructure. It has upgraded its Learning Management System (LMS) with more features that encourages interactivity amongst students and instructors as well as overall improvement in administration and user-friendliness.

PurpleTrain.com will continue to be an important growth pillar of the Group. Through strategic collaborations with renowned universities and institutions globally, it will continually expand, enhance and refresh its product offerings, and leverage on the Group’s extensive franchise channels.

INFORMATICS CORPORATE LEARNING

The Corporate Learning market segment has been the most challenging in the last financial year. Marketed under the brand name of iPDC (Informatics Professional Development Center), Corporate Learning targets the corporate customers and the corporate professionals and provides the latest concepts, skills and techniques in IT and non-IT segments to meet the training and development needs of the country’s workforce. Using a flexible blended solution (a combination of both classroom and online learning), the delivery of the training and development skills can



be via e-Learning, face-to-face, hands-on laboratory and project work or a combination of all these elements of learning.

Some of the new iPDC programmes launched during the year include Computer Hacking Forensic Investigator, Project Management Professional, Disaster and Backup Recovery, e-Business suites (eg: CRM, ERP, e-Commerce Architect and e-Business Security) and Financial Risk Management.

The Certified Ethical Hacking course, launched last year, remains a well-demanded programme in the marketplace, particularly in Singapore, Hong Kong and Malaysia. In the past year, the Certified Ethical Hacking course was introduced in the Philippines, Sri Lanka and Indonesia, with equally enthusiastic take-up from the market. This course will also be introduced later in the year in Mexico, Saudi Arabia and Dubai.

Corporate Learning will continue to focus on increasing the brand value of iPDC, offer value-added market-relevant programmes, to help corporations and individuals stay abreast of the latest developments in the marketplace. Corporate Learning will further enhance its strategic alliances with key IT vendors and market leaders namely Microsoft, Cisco, Checkpoint, HP, Sun, Oracle, Macromedia, Adobe, Autodesk, Intel, CompTIA, and others, to offer innovative and customised programmes to customers.

YOUNG LEARNERS GROUP

In an ever challenging pre-school, elementary and youth education business environment, the ability to constantly differentiate our core competence from the competition is becoming increasingly important. Informatics' Young Learners Group (YLG) is constantly striving to improve its delivery processes, service and quality. This is in line with our vision of being a world

leader in providing quality childcare development and education for young learners aged between 18 months to 18 years.

Cambridge Child Development Centre

Cambridge is one of the fastest growing child development networks for young children aged between 18 months to 6 years, offering playgroups for toddlers (aged 3 years), nursery classes (aged 3-4 years), and kindergarten classes (aged 5-6 years). Currently, there are more than 56 Cambridge Child Development Centres set up in over 12 countries.

Recognising that the family, in particular, the parents, play a critical role in educating and exerting influence on their young children, Cambridge has evolved its curricula to incorporate interactive parental involvement in its programmes. The spectrum of services put in place are: pre-natal care, infant care, childcare, early education and parent education. The programmes aimed at involving parents include workshops, seminars and some parent-child activities in the centres. These would cover a range of topics such as Effective Parenting, Cultivating Good Reading Habits and Food Nutrition. This comprehensive range of services will add value to the children and their parents and families, helping to accelerate and reinforce all aspects of the child's development.

The new approach will create a niche for Cambridge and help to drive it to become a global leader in the Young Learners industry segment. In addition to the added value and benefits to the young learners and their families, this will be the key differentiator for Cambridge. Looking forward, Cambridge is committed to develop and launch many more of these innovative programmes to better serve the evolving needs of today's children and parents.

CAL Learning Centre

With 38 centres in 12 countries, CAL has been the leader in IT education for children between the ages of 4 to 18 years, in Singapore and the Asia Pacific region. CAL Learning Centre has evolved to serve the needs of a new generation of young learners. It is focused on a journey of learning and discovery, and aims to provide an educational adventure and experience for the young.

CAL is a learning network that promotes the holistic approach to child development, and targets to expand its educational portfolio beyond its traditional forte of Information Technology to include Early and Teenage education in almost every aspect of cognitive development. For example, CAL now offers workshops and activities for the parents. The young learners can explore activities like Robotics, Young Cyber Engineer and even Interactive Web Design through having fun and playing games.

CAL Learning network is well equipped to enhance its business potential and open new markets in their respective countries. This will significantly boost the value of the CAL franchise brand.

YLG strongly believes in providing quality education and development for the young, with active involvement of their parents, to reinforce and help to accelerate the learning process. It is important that as an industry leader, we take the initiative to set the right tone and direction. In addition to intellectual development, the socio-physiological development of the young learner is an equally important aspect of education for the young that we are committed to. We strive to make an impact by working in partnership with families to create a balanced learning environment that exhibits all facets of intellectual development for the young.

GLOBAL OPERATIONS



“Informatics has set its focus on the global market as an international player with the aim of being present in the most viable economic markets.”

Informatics has set its focus on the global market as an international player with the aim of being present in the most viable economic markets. Informatics relies on a strategy of franchising and licensing as the primary distribution channel to market. This allows Informatics to reach deep into any market. Franchisees and licensees have exclusivity for a specific business in a specific geography for a specific time. A franchisee or licensee can select from any one of Informatics businesses (Higher Education, Corporate Learning, Young Learners Group and e-Learning) and specific geographic areas such as a country, region or location.

For strategic reasons, Informatics may take an equity position in certain franchisees and licensees. Specifically, Informatics operates fully-owned subsidiaries in Singapore, Malaysia, Hong Kong, China,

Sri Lanka and Sweden. The company holds various equities in its franchises in Indonesia, India, Pakistan and the Philippines.

With more than 20 years of experience and expertise in the learning and education business, Informatics has since established its presence in over 660 centres, spanning more than 50 countries. In the past year, Informatics has continued to expand its network of education centres worldwide, making significant inroads into Indonesia, China, the Philippines, Sri Lanka, Libya, the Middle East, South Africa and Latin America. Informatics has set foot into Mexico, Brazil, Jordan, Sudan, Kuwait, the South Pacific islands, including American Samoa, Marshall Island and the Kingdom of Vanuatu.

As a world-leading quality provider of lifelong learning services, a key success factor for Informatics' growth and expansion is its integrated and comprehensive global training and support system for its franchisees and licensees.

Informatics Group Corporate University (IGCU) provides world-class training and support to franchisees and licensees. A host of IT support systems based on the latest technological capabilities have been implemented to complement the training and support services. Franchisees and licensees attend intensively developed business and operations training at IGCU to equip them with the professional knowledge and expertise of running an Informatics business, which include start-up operations, business and growth models, planning for success, and even selling, marketing and promotions.

Informatics' global business functions take care of the content development, R&D, as well as the global infrastructure in the respective businesses within the Higher Education, Corporate Learning, e-Learning and Young Learners areas. In addition to offering the benefits of economies of scale as a result of its vast global operations and network, Informatics corporate office in its headquarters provides professional consultation, support and administration pertaining to all other aspects of franchising and licensing.

In the past year, Informatics has entered into several strategic partnerships and collaborations with government bodies and reputable institutions.

In Libya, it has partnered with the University of Libya, the first and only private education institution accredited by Libya's High Committee of Private Education, MOE, to offer IT programmes at the University.

Informatics has also collaborated with the Governor of Jigawa State in Nigeria to offer IT programmes for the community.

The company has forged a worldwide strategic alliance with the EC-Council to offer Ethical Hacking and e-Business related programmes in its centres. In addition, Informatics has been appointed by Oracle University as its first authorised partner in Asia, to launch the first ORACLE9i Database Administrator Certified Master Programme in Asia.

Our concerted efforts in ensuring delivery of high quality education programmes, has enabled us to build a brand name synonymous with international standards of education services. This is further reinforced with our winning of the Singapore Quality Class for Private Education Organisations (SQC for PEO) Award and the Singapore Brand Award 2003, for the second consecutive year.

FIVE-YEAR FINANCIAL HIGHLIGHTS

For The Year (\$'000)	2004	2003	2002	2001	2000
Turnover	134,095	185,371	200,184	182,562	159,714
(Loss) / Profit before Tax	(42,125)	7,268	19,776	19,039	15,711
(Loss) / Profit after Tax before Minority Interests	(43,959)	5,921	15,340	14,996	12,386
(Loss) / Profit Attributable to Shareholders	(42,489)	12,232	21,484	17,343	12,502
For The Year (\$'000)					
Shareholders' Funds	40,157	86,894	77,694	55,478	38,173
Fixed Assets	22,955	28,856	34,276	33,231	34,019
Current Assets	69,192	110,752	79,849	71,933	60,783
Current Liabilities	59,188	62,042	46,844	52,939	49,742
Per Share Data (Cents)					
Net Earnings	(13.58)	3.91	6.94	5.62	4.08
Net Tangible Assets	11.51	25.66	23.30	16.90	11.53

GROUP FINANCIAL HIGHLIGHTS

For The Year (\$'000)	2004	2003	Change (%)
Turnover	134,095	185,371	(27.7)
(Loss) / Profit before Tax	(42,125)	7,268	N/M
(Loss) / Profit after Tax before Minority Interests	(43,959)	5,921	N/M
(Loss) / Profit Attributable to Shareholders	(42,489)	12,232	N/M
Net Dividends	-	3,669	N/M
For The Year (\$'000)			
Issued Share Capital	15,680	15,678	-
Reserves	24,477	71,216	(65.6)
Shareholders' Funds	40,157	86,894	(53.8)
Minority Interests	4,748	5,565	(14.7)
Fixed Assets	22,955	28,856	(20.4)
Current Assets	69,192	110,752	(37.7)
Current Liabilities	59,188	62,042	(4.6)
Financial Ratios (Cents)			
Net Earnings	(13.58)	3.91	N/M

N/M - NOT MEANINGFUL

CORPORATE GOVERNANCE

Informatics Holdings Ltd. (the Company) understands its responsibilities as a public-listed company. Hence, in accordance with the Code of Corporate Governance, the Board of Directors has adopted, and its management personnel have implemented, governance processes and systems to ensure the proper levels of overview, guidance and separation of interests and duties.

The following report describes the current corporate governance policies and practices of the Company which, unless otherwise stated, were also prevailing during the financial year ended 2004 (the Year).

BOARD OF DIRECTORS

The Board sets the overall business direction and objectives of the Company. The Board reviews and makes decisions on major investments, business plans, annual budgets and operating results of the Company. The Board's approval is required for any major acquisition or disposal, corporate or financial restructuring, issuance of shares and other equity or debt instruments, and payment of dividends and other distribution to shareholders.

During the Year, the Board comprised six directors, three of whom also held executive positions in the Company and three were independent non-executive directors. Of the three directors holding executive positions, one held the position of Chief Strategist whilst also undertaking the role of a non-executive Chairman; one held the position of Chief Executive Officer and the third held the position of President. The independent non-executive directors were Mr Frank Yung-Cheng Yuing, Mr Tang Chun Choy and Dr Seet Ai Mee nee Ling.

The Board comprises members with diverse corporate and business experience who, as a group, provide skills, knowledge and experiences relevant to the business of the Company. Detailed information on the directors' experience and qualifications can be found on pages 16 to 17.

The Articles of Association of the Company (the Articles) require all directors to retire once in every 3 years. Executive directors, being employees, are employed on terms which allow termination by notice.

The Board conducts scheduled quarterly board meetings. In addition, ad-hoc board meetings would be convened as circumstances require. The Articles allow board meetings to be conducted by way of telephone conference or video-conference. The attendance of the directors at meetings of the Board and Committees of the Board, as well as the frequency of such meetings, is disclosed in this report.

Guidance is given to new directors on the legal requirements and requirements under the Listing Manual of the Singapore

Exchange Limited on disclosure of interest, restrictions on dealing in securities and duties and responsibilities of directors under Singapore law. Directors are continually updated on changes in the said requirements including relevant accounting standards. The Company Secretary, to whom the directors have independent access, keeps the Board apprised of relevant laws and regulations and changes thereto. The directors have the authority to seek independent professional advice, at the Company's expense.

The Board is assisted by various committees of the Board which are constituted by the Board in accordance with the Articles (the Committees). These Committees are each headed by a chairman of the Committee, comprising not less than one director and other personnel of the Company, and depending on the need of the Company for expert guidance, may also include persons with the required knowledge and expertise appointed to render special advice and consultancy. The Committees would submit their respective reports to the Board and make their recommendations for consideration by the Board.

The Committees of the Board are:

- Audit Committee
- Operational Review and Corporate Standards Committee
- Nominating Committee
- Remuneration and Strategic Human Resource Committee
- Investor Relations and Board Performance Committee
- Merger and Acquisition Committee
- Service Excellence Committee
- Informatics Group Share Option Scheme Committee

ROLE OF NON-EXECUTIVE CHAIRMAN

In accordance with the Articles, the Chairman of the Company also assumes the position of Chairman of the Board. The position of Chairman is strictly a non-executive one. He represents the Company in dealings with third parties. In relation to the Company, the Chairman oversees the workings of the Board and presides over board meetings.

Before a board meeting is held, the Chairman and the individual directors are provided with complete, adequate and timely information including papers prepared in respect of matters included in the agenda for the board meeting, for their perusal. The chairmen of the respective Committees and other officers who have prepared the papers, or who can provide additional insight into the subject matters of the papers, would be required to attend the board meeting to present their papers and to be available to answer queries from the members of the Board. The Chairman oversees to the procedure that has been set for flow of information in compliance with the Code.

In his capacity as Chief Strategist (which is a separate capacity from his capacity as non-executive Chairman), Dr Wong Tai, holds an executive position for specific duties, namely, to

formulate plans, and oversee their implementation, for the expansion of the business of the Group globally and, in such capacity, he may be assigned specific projects by the Board.

On 12 May 2004, the Board authorized Dr Wong to assume executive function to meet the exigencies of the situation of the Company with the aim of helping the Company to turn around. No specific designation has been conferred on Dr Wong as director of the Board in respect of the executive function.

Dr Wong has informed the Board that, he intended to relinquish, and has relinquished with effect from 12 July 2004, his position as Chief Strategist and the executive function that was conferred on him as mentioned above.

ROLE OF CHIEF EXECUTIVE OFFICER

The Chief Executive Officer (CEO) is the highest-ranking executive officer in the Company and is responsible for the day-to-day management and business operation of the Company.

The Chairman, Dr Wong Tai, and the then CEO, Mr Ong Boon Kheng, are not related. Mr Ong Boon Kheng resigned as CEO and as director of the Company on 23 June 2004 and Dr Michael Teng Yeow Heng has been appointed the new CEO with effect from 12 July 2004. During the interim period, Mr Raymond Quek Hiong How, the current CFO, was appointed Acting CEO.

ROLE OF PRESIDENT

The President is next in line in terms of hierarchy in the management team headed by the CEO. His function is to assist the CEO in managing the operation of the business units of the Group and also oversees the operation of the sales team.

Mr Cedric Chan Chee Meng resigned as director and President with effect from 1 May 2004 and that position has not yet been filled.

AUDIT COMMITTEE

This Committee carries out the functions of audit committees set out in the Code and Companies Act. The Committee comprises three members all of whom are independent non-executive directors.

The principal responsibility of the Committee is to assist the Board to maintain corporate governance, particularly by providing an independent review of the effectiveness of the financial reporting process and internal control systems of the Group. The Committee has the power to conduct or authorise investigations into any matters within the Committee's scope of responsibility.

The AC has during the year recommended the strengthening

of the financial reporting process and internal control systems of the Group with the aim of, among other things, improving the monitoring and evaluation of the Group's performance and financials.

The Committee has, during the year, held meetings with the internal auditors and the external auditors.

The Committee also reviews the non-audit services provided by external auditors and is satisfied with their independence.

OPERATIONAL REVIEW AND CORPORATE STANDARDS COMMITTEE

This Committee was set up to establish corporate policies on minimum operating standards pertaining to specific areas of the business. These policies are aimed at providing the necessary operational controls to guide the day-to-day management and business operation of the Company under the pervue and authority of the CEO.

The Committee also seeks to improve the system of operational controls and efficiency through reviews of operational performance matrices for every business sector against established benchmarks.

The Committee, during the Year, had managed to establish operational standards in certain areas, but had not been able to perform its role as vigorously as it would have liked, due to the departure of the Chief Financial Officer on 31 August 2003.

NOMINATING COMMITTEE

This Committee's primary function is to identify candidates and review all nominations for appointments of:

- members of the Board including their reappointment;
- members of the Audit Committee; and
- Chief Executive Officer including any other officer who has responsibilities and functions similar to any of these officers.

The Committee's function is make recommendations and assist in attracting, retaining and rewarding well-qualified people to serve the Group, by pegging remuneration and benefits at competitive market rates. From time to time, directors' fees and the base salaries of staff are reviewed to ensure that they are at sufficiently competitive levels. A compensation system is in place to reward staff based on their merit and performance through annual merit service increments and profit-sharing. The Company's share option scheme for directors, senior management and other executives and employees, which serves as a long-term incentive plan, is also based on merit and individual performance.

COMMUNICATION TO SHAREHOLDER

The Company recognises the need to communicate with all shareholders on all material business matters affecting the Group. Timely and detailed disclosures are made to the shareholders in compliance with SGX guidelines. The Company has regular dialogue sessions with investors, analysts and fund managers.

At annual general meetings, shareholders are encouraged to ask questions on the Group's operating and financial performance and resolutions being proposed. A separate resolution on each distinct issue is proposed at general meetings. The external auditors and legal advisers are usually invited to be present to assist the directors in addressing any

queries by shareholders. The Company does not practice selective disclosure of information. Investors and shareholders can visit the Company's investor relations website at www.informaticsgroup.com.

DEALING IN SECURITIES

Policy on share dealings has been issued to all directors and employees of the Group, setting out the implications of insider trading and the recommendations of the SGX Best Practices Guide. The Group has also adopted a code of conduct, modelled on the SGX Best Practices Guide, to provide further guidance to employees on dealing in the Company's shares.

DIRECTORS' ATTENDANCE IN FY 2004

Name of Director	Board of Directors	Audit Committee	Operational Review and Corporate Standards Committee	Nominating Committee	Remuneration and Strategic Human Resource Committee	Investor Relations and Board Performance Committee	Merger & Acquisition Committee	Informatics Group Share Option Scheme Committee	Service Excellence Committee
Total Number of Meeting Held	8	8	4	4	4	4	4	4	4
Dr Wong Tai	8	-	-	-	4	4	4	4	-
* Mr Ong Boon Kheng	8	-	4	4	4	4	-	4	-
** Mr Cedric Chan Chee Meng	4	-	-	-	4	-	-	-	2
Mr Frank Yung Cheng-Yung	8	8	-	-	4	-	4	-	-
Dr Seet Ai Mee nee Ling	7	7	-	4	4	4	-	-	4
Mr Tang Chun Choy	7	7	4	-	-	4	-	4	-

* Mr Ong Boon Kheng attended 8 board meetings in FY2004. He resigned on 23 June 2004 and he is presently Adviser to the Company.

** Mr Cedric Chan Chee Meng attended 4 board meetings in FY2004. He resigned on 1 May 2004.

DIRECTORS' REMUNERATION

	Remuneration Band S\$	Salary & Fees %	Performance Based Bonuses %	Other Benefits %	Total Remuneration %
Executive Directors					
Dr Wong Tai	250,000 to 499,999	100	-	-	100
Mr Ong Boon Kheng	250,000 to 499,999	100	-	-	100
Mr Cedric Chan Chee Meng	250,000 to 499,999	100	-	-	100
Non-Executive Directors					
Mr Frank Yung-Cheng Yung	< 250,000	100	-	-	100
Dr Seet Ai Mee nee Ling	< 250,000	100	-	-	100
Mr Tang Chun Choy	< 250,000	100	-	-	100

The top five executives' remuneration (executives who are not directors of the Company) earn less than S\$250,000 for FY2004.

The duties and responsibilities of the Committee also include:

- to review and advise the Board on the terms of appointment and remuneration of its members and senior management;
- to review the working environment and succession planning for management; and
- to review with management the terms of the employment arrangements so as to develop consistent group-wide employment practices subject to regional differences.

INVESTOR RELATIONS AND BOARD PERFORMANCE COMMITTEE

This Committee evaluates the Board's performance as a whole. The assessment process adopts both quantitative and qualitative criteria, such as return on equity, the success and long-term objective set by the Board, and the effectiveness of the Board in monitoring management's performance against the goals that have been set by the Board. The Company's share price performance over a period of 10 years, adjusted for returns against the benchmark of STI and Services index, is considered to be a relevant criterion for assessment. Indicators given by analysts and reports in the media may also be used as performance criteria for assessing the Board's performance as a whole.

MERGER AND ACQUISITION COMMITTEE

This Committee provides an important function for the Company. One of its fundamental objectives is to keep shareholders updated and informed.

The duties and responsibilities of the Committee are as follows:

- to identify investment opportunities that could add value to the Company's shareholders' return, such investments not being restricted to the current business of the Group;
- to conduct investment analyses of these investment opportunities;
- to report to the Board its findings and, from time to time, to report to the Board on matters which the Committee considers to be requiring its attention; and
- to undertake such other reviews and projects as may be required by the Board.

SERVICE EXCELLENCE COMMITTEE

This Committee spearheads the Company's efforts to raise the service performance standards in the Group, with a key focus on delivering superior customer care and customer service to all its customers. Through the Committee's constant drive, service excellence has become a cornerstone of the Group's business culture.

Customer care, customer intimacy and customer sensitivity have now been firmly established by the Committee as the key corporate drivers for the Group and been integrated into the Group's service excellence model. The model incorporates key service performance indicators for every business sectors. Benchmarks are set against world-class service organisations and improvement measures are implemented to bridge the service gap.

INFORMATICS GROUP SHARE OPTION SCHEME COMMITTEE

Under the Informatics Group Share Option Scheme ("the Scheme"), the Committee:

- recommends the total allocation of the share options to the directors and staff of the Group; and
- determines the number of shares to be offered as share options to the directors and staff of the Group.

INTERNAL CONTROLS

The Company's Internal Audit function reports to the Audit Committee and assists the Board in monitoring and managing business risks and internal controls. The Company's internal audit plan is approved by the Audit Committee. The results of the audit findings are submitted to the Audit Committee for its review in its meetings.

The scope of the Internal Audit covers the audits of all units and operations, including overseas offices, subsidiaries, associates and franchisees.

On 14 April 2004, the Company issued a profit-warning announcement. Ernst & Young (EY) was then engaged to perform agreed upon procedures on the Company's quarterly results for the nine months ended 31 December 2003 and to make its report and recommendations. The Audit Committee has considered EY's findings and recommendations and noted the areas of concerns regarding accounting policies and internal controls. The Audit Committee has accepted the following recommendations:

- Adopt consistent revenue recognition
- Proper authorisation of accounting entries
- Adherence to group accounting policies
- Monthly bank reconciliation and closing process of financial statement.

The Committee has also engaged PricewaterhouseCoopers to investigate into the circumstances resulting in the misstatements of the Company's said quarterly results which is ongoing. The Company is also being investigated by the Commercial Affairs Department and this is also ongoing.



FINANCIALS

46	Directors' Report
52	Auditors' Report
54	Balance Sheets
55	Consolidated Statement of Profit and Loss
56	Consolidated Statement of Changes in Equity
57	Consolidated Statement of Cash Flows
59	Notes to the Financial Statements
91	Portfolio of Properties

DIRECTORS' REPORT

(In Singapore dollars)

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Informatics Holdings Ltd (the "Company") and its subsidiary companies (the "Group") for the financial year ended 31 March 2004 and balance sheet of the Company as at 31 March 2004.

DIRECTORS

The directors of the Company in office at the date of this report are:

Dr Wong Tai (Chairman)
Frank Yung-Cheng Yung
Dr Seet Ai Mee nee Ling
Tang Chun Choy

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Except for the Company's Informatics Group Share Option Scheme, 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 or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The interests of the directors who held office at the end of the financial year in the shares or debentures of the Company and related corporations, according to the register kept by the Company for the purposes of Section 164 of the Companies' Act, were as follows:

	Held in the name of director		Deemed interest	
	1.4.2003	31.3.2004	1.4.2003	31.3.2004
The Company				
Informatics Holdings Ltd				
Ordinary shares of \$0.05 each				
Dr Wong Tai	72,655,304	72,655,304	-	-
Frank Yung-Cheng Yung	60,000	60,000	-	-
Tang Chun Choy	4,000	4,000	12,000,000	-
Ong Boon Kheng (resigned on 23.6.2004)	17,268,952	12,268,952	-	5,000,000

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

	Held by director			
	1.4.2003	31.3.2004	Exercise price \$	Exercise period
Options to subscribe for ordinary shares of \$0.05 each				
Dr Wong Tai	400,000	400,000	0.858	01.09.2001 to 30.08.2005
	400,000	400,000	1.130	21.08.2002 to 19.08.2006
	400,000	400,000	1.600	01.06.2003 to 30.05.2007
Tang Chun Choy	100,000	–	1.600	01.06.2003 to 30.05.2007
Dr Seet Ai Mee nee Ling	150,000	150,000	0.858	01.09.2001 to 30.08.2005
	150,000	150,000	1.130	21.08.2002 to 19.08.2006
	150,000	150,000	1.600	01.06.2003 to 30.05.2007
Frank Yung-Cheng Yung	250,000	250,000	0.858	01.09.2001 to 30.08.2005
	250,000	250,000	1.130	21.08.2002 to 19.08.2006
	250,000	250,000	1.600	01.06.2003 to 30.05.2007
Ong Boon Kheng (resigned on 23.6.2004)	250,000	250,000	0.858	01.09.2001 to 30.08.2005
	250,000	250,000	1.130	21.08.2002 to 19.08.2006
	250,000	250,000	1.600	01.06.2003 to 30.05.2007
Chan Chee Meng (resigned on 1.5.2004)	750,000	750,000	1.460	22.09.2003 to 21.09.2007

There is no change in any of the abovementioned Directors' interests between the end of the financial year and on 21 April 2004.

By virtue of Section 7 of the Companies Act Cap. 50, Dr Wong Tai is deemed to have an interest in the shares held by the Company in all its subsidiary companies.

DIRECTORS' REPORT

[In Singapore dollars]

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or has become entitled to receive a benefit (other than a benefit or any fixed salary of a full time employee of the Company included in the aggregate amount of emoluments shown in the financial statements; or any emoluments received from related corporations), by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest.

SHARE OPTIONS

The Informatics Group Share Option Scheme ("the Scheme") was approved by the members of the Company at an Extraordinary General Meeting held on 7 September 1994 and subsequently amended at Extraordinary General Meetings held on 2 September 1997, 1 October 1999, 16 August 2002 and 8 August 2003.

The Scheme provides an opportunity for the executive directors and employees of the Company and its subsidiary companies as well as non-executive directors of the Company to participate in the equity of the Company.

The Scheme is administered by a committee comprising the following members:

Dr Wong Tai (Chairman)
Tang Chun Choy

At the Extraordinary General Meeting held on 8 August 2003, the members of the Company approved the extension of the Scheme for a further period of ten years from the expiry of the ten-year period of the Scheme on 7 September 2004.

The subscription price in respect of which an option is exercisable shall be payable on the exercise of the option and may be at the market price based on the average of the last dealt price of the ordinary shares of the Company, as determined by the Committee, by reference to the daily Financial News published by the Stock Exchange for the three consecutive trading days immediately preceding the Date of Grant or at a discount of not more than 20% to the market price, provided always that the subscription price shall be at least the nominal amount of a share.

Options granted to and accepted by Participants in respect of an option granted with a subscription price at the market price will be exercisable after the first anniversary of the offer date of that option and before the fifth anniversary of such offer date. Options granted to and accepted by Participants in respect of an option granted with a subscription price at a discount to the market price will only be exercisable after the second anniversary of the offer date of that option and before the fifth anniversary of such offer date.

None of the options granted to date have been at a discount.

Details of outstanding options to subscribe for ordinary shares of \$0.05 each of the Company granted to directors holding office at the end of the financial year of the Group pursuant to the Scheme are as follows:

SHARE OPTIONS (CONT'D)

	Exercise price \$	Exercise period	Options granted during the financial year	Aggregate options granted since commencement of Scheme to end of financial year	Aggregate options exercised/lapsed since commencement of Scheme to end of financial year	Aggregate options outstanding as at end of financial year
Options to subscribe for ordinary shares of \$0.05 each						
Dr Wong Tai *	0.858	01.09.2001 to 30.08.2005	–	400,000	–	400,000
	1.130	21.08.2002 to 19.08.2006	–	400,000	–	400,000
	1.600	01.06.2003 to 30.05.2007	–	400,000	–	400,000
Ong Boon Kheng (resigned on 23.6.2004)	0.858	01.09.2001 to 30.08.2005	–	250,000	–	250,000
	1.130	21.08.2002 to 19.08.2006	–	250,000	–	250,000
	1.600	01.06.2003 to 30.05.2007	–	250,000	–	250,000
Chan Chee Meng (resigned on 1.5.2004)	1.460	22.09.2003 to 21.09.2007	–	750,000	–	750,000
Dr Seet Ai Mee nee Ling	0.858	01.09.2001 to 30.08.2005	–	150,000	–	150,000
	1.130	21.08.2002 to 19.08.2006	–	150,000	–	150,000
	1.600	01.06.2003 to 30.05.2007	–	150,000	–	150,000
Frank Yung-Cheng Yung	0.858	01.09.2001 to 30.08.2005	–	250,000	–	250,000
	1.130	21.08.2002 to 19.08.2006	–	250,000	–	250,000
	1.600	01.06.2003 to 30.05.2007	–	250,000	–	250,000
Tang Chun Choy	1.600	01.06.2003 to 30.05.2007	–	100,000	100,000**	–

* also a controlling shareholder

** cancelled

Except for the above, no options have been granted to other directors and controlling shareholders of the Company or their associates and no employees of the Company have received 5% or more of the total options available under the Scheme.

During the financial year, there were no options granted by the Company to directors and employees of the Group pursuant to the Scheme.

DIRECTORS' REPORT

(In Singapore dollars)

OPTIONS EXERCISED

During the financial year, 43,000 ordinary shares of \$0.05 each were issued by virtue of the exercise of options to take up unissued shares of the Company at their respective exercise prices. The excess of the exercise prices over the par value less related charges of the shares issued totaling \$13,459 was recorded in the share premium account.

OPTIONS OUTSTANDING

As at 31 March 2004, outstanding options over the unissued shares of the Company granted to directors and employees of the Group are as follows:

Offer date	Period during which options are exercisable	Exercise price \$	Number of outstanding options to subscribe for ordinary shares of \$0.05 each
15.07.1999	16.07.2000 to 14.07.2004	1.043	1,986,000
31.08.2000	01.09.2001 to 30.08.2005	0.858	2,661,000
20.08.2001	21.08.2002 to 19.08.2006	1.130	3,296,000
31.05.2002	01.06.2003 to 30.05.2007	1.600	3,586,000
20.09.2002	22.09.2003 to 21.09.2007	1.460	945,000
			12,474,000

Except as disclosed above, there were no unissued shares of the Company or its subsidiary companies under option as at the end of the financial year.

The options granted by the Company do not entitle the holders of the options, by virtue of such holdings, to any right to participate in any share issue of any other company.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, one of whom is also the Chairman of the Committee. The members of the Committee are:

Frank Yung-Cheng Yung (Chairman)
Dr Seet Ai Mee nee Ling
Tang Chun Choy

The Committee performs the functions set out in the Companies Act. The functions performed are detailed in the Report on Corporate Governance.

OTHER INFORMATION REQUIRED BY THE STOCK EXCHANGE SECURITIES TRADING LIMITED

No material contracts to which the Company or any subsidiary is a party and which involve directors' interests subsisted at the end of the financial year, or have been entered into since the end of the previous financial year.

AUDITORS

Ernst & Young have expressed their willingness to accept reappointment as auditors.

On behalf of the Board of Directors:

Dr Wong Tai
Director

Frank Yung-Cheng Yung
Director

Singapore
30 June 2004

STATEMENT BY DIRECTORS PURSUANT TO SECTION 201 (15)

We, Dr Wong Tai and Frank Yung-Cheng Yung, being two of the Directors of Informatics Holdings Ltd (the "Company"), do hereby state that, in the opinion of the Directors:

- (1) subject to the following matters, the accompanying balance sheets, consolidated profit and loss account, consolidated statement of changes in equity and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2004 and of the results of the business, changes in equity and cash flows of the Group for the year then ended,
 - (a) the ongoing investigations by PriceWaterhouseCoopers into the circumstances resulting in the misstatements of the Company's quarterly results for the nine months ended 31 December 2003 and the ongoing investigations by the Commercial Affairs Department, which might uncover other information and might require adjustments to be made to the financial statements;
 - (b) the inability of the auditors of two of the Company's Malaysian subsidiaries, namely, Informatics Resource Corporation Sdn Bhd and Informatics Resources Group (M) Sdn Bhd, to rely on the companies' accounting records to sufficiently explain their transactions so as to enable true and fair financial statements to be prepared;
 - (c) the accompanying financial statements not having included all the information required to be disclosed by the Singapore Financial Reporting Standards, including segment information and information relating to discontinuing operations, due to time constraints as the Company had undertaken to announce its audited results for the year ended 31 March 2004 by 30 June 2004; and
- (2) in the opinion of the Directors, as at the date of this statement, subject to the completion of the placement (the "Placement") of 62,677,000 new ordinary shares of \$0.05 each in the capital of the Company to Chip Lian Investments Pte Ltd, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due as the Company expects to receive net proceeds of approximately \$15,624,250 from the Placement which the Company intends to use for the working capital purposes and/or the repayment of bank borrowings of the Group.

On behalf of the Board of Directors :

Dr Wong Tai
Director

Frank Yung-Cheng Yung
Director

Singapore
30 June 2004

AUDITORS' REPORT TO THE MEMBERS OF INFORMATICS HOLDINGS LTD

We were engaged to audit the accompanying financial statements of Informatics Holdings Ltd (the "Company") and its subsidiary companies (the "Group") set out on pages 54 to 90 for the year ended 31 March 2004. These financial statements are the responsibility of the Company's directors.

Scope

Except as discussed in the following paragraphs, we conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation.

Ongoing investigations

During the financial year, the Company over-stated profits in respect of its quarterly results for the nine months ended 31 December 2003. The accounting misstatements led to an investigation by PricewaterhouseCoopers (PwC), who were appointed by the Audit Committee of the Company to review the circumstances resulting in the accounting misstatements. In addition, subsequent to the financial year-end, the Commercial Affairs Department (CAD) commenced its investigations. As at the date of this report, PwC's review and the CAD's investigation have not been completed. The outcome of the investigations might uncover other information which might require adjustments to be made to the financial statements.

Going concern issues

On 3 June 2004, the Company entered into a subscription agreement with Chip Lian Investments Pte Ltd to subscribe for 62,677,000 new ordinary shares (new shares) at an issued price of \$0.25 per share, for a consideration of \$15,669,250. The successful allotment and issue of above shares is pending approval by the shareholders of the Company at an Extraordinary General Meeting on 9 July 2004. As at 31 March 2004, there were amounts due to banks by the Company and the Group amounting to \$13.5 million and \$17.5 million, respectively. In addition, as stated in Note 33, the Company has provided guarantees to certain banks amounting to \$10.2 million in respect of bank facilities granted to a related party. As stated in Note 35, the Group is committed to repay the remaining \$16.2 million to the banks by 15 July 2004. Due to the circumstances surrounding the Company and the Group currently, the credit facilities may not be available to the Company and the Group should the banks decide not to continue to extend these facilities to the Group. The ability of the Company and the Group to meet these financial obligations is dependent on the successful allotment and issue of the new shares. Should these arrangements not materialise, the Company and the Group may be unable to continue as going concerns.

If the Company and the Group were unable to continue in operational existence for the foreseeable future, the Company and the Group may be unable to discharge their 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 balance sheets. In addition, the Company and the Group may have to reclassify long term assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

Revenue recognition

During the course of our audit for revenue recognition, we were unable to review the documentation to support certain transactions for recognition of course fee income by a subsidiary company, Informatics Group (Singapore) Pte Ltd. Consequently, we were unable to obtain assurance on proper revenue cut-off for these transactions.

Subsidiary companies – auditors' reports

We have not received the auditors' reports of all subsidiary companies. In addition to the issue of going concern, our inquiries of the subsidiary companies' auditors indicated that:

- (a) During the financial year, the books and records of two Malaysian subsidiary companies, Informatics Resource Corporation Sdn Bhd and Informatics Resources Group (M) Sdn Bhd were not kept in such a manner as to enable them to be conveniently and properly audited and documentation supporting the certain transactions were not available or incomplete. As a result, the accounting records cannot be relied on to sufficiently explain all the transactions so as to enable true and fair financial statements to be prepared. Under these circumstances, the subsidiaries' auditors have not been able to carry out certain auditing procedures or to obtain all the information and explanation they consider necessary for the purpose of their audit.
- (b) The auditors of a subsidiary company, Informatics Group (Europe) Limited and its subsidiary companies, indicated that they did not have access to the accounting records of Informatics Group (UK) Limited, a subsidiary of Informatics Group (Europe) Limited, whose results for the 6 months to 30 September 2003 are included in the consolidated profit and loss account for the year ended 31 March 2004. This was due to the subsidiary company being placed in administration on 29 October 2003. As a consequence, the auditors of the subsidiary company were unable to carry out auditing procedures necessary to obtain adequate assurance regarding the operating results of the subsidiary company for the 6 months to 30 September 2003. We were unable to carry out additional procedures necessary to satisfy ourselves as to whether these financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements.

Consolidated statement of cash flows and notes to the financial statements

The Company has undertaken to announce audited results for the year ended 31 March 2004 by 30 June 2004. Owing to the time constraints, the Company has not disclosed all the information required to be disclosed by Singapore Financial Reporting Standards, including segment information and information relating to discontinuing operations. Owing to the matters discussed above, we are unable to satisfy ourselves as to the completeness of the notes to the financial statements and the completeness and accuracy of the Consolidated Statement of Cash Flows and the information disclosed in Notes 3 to 7, 11 to 19, 22 to 28 and 32 to 36 to the financial statements.

Opinion

Because of the significance of the matters discussed above, we are unable to, and accordingly do not, express an opinion as to whether:

- (a) The consolidated financial statements of the Group and balance sheet of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2004 and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and
- (b) The accounting and other records (excluding registers) required by the Act to be kept by the Company and by those subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG

Certified Public Accountants

Singapore
30 June 2004

BALANCE SHEETS

AS AT 31 MARCH 2004

[In Singapore dollars]

	Note	Group		Company	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Fixed assets	3	22,955	28,856	9,592	10,493
Subsidiary companies	4	-	-	10,685	31,571
Associated companies	5	3,971	4,811	2,596	4,733
Other investments	6	3,302	3,302	785	785
Intangible assets	7	1,470	2,205	110	750
Deferred tax assets	19	237	2,448	-	-
Goodwill on consolidation	8	2,578	4,216	-	-
Trade debtors, non-current	9	1,642	662	1,642	662
Current assets					
Stocks	10	326	1,152	-	-
Trade debtors	9	29,033	52,154	15,532	29,105
Other debtors, deposits and prepayments	11	12,926	20,188	6,643	5,899
Due from subsidiary companies (trade)		-	-	3,723	5,366
Due from associated companies (trade)		-	9,044	889	1,688
Due from subsidiary companies (non-trade)	12	-	-	12,018	22,681
Due from associated companies (non-trade)	12	984	739	89	1,533
Loans to subsidiary companies	12	-	-	2,674	4,192
Due from a minority shareholder of a subsidiary company (non-trade)	12	-	1,506	-	1,506
Fixed deposits		1,406	4,744	1,007	3,870
Cash and bank balances		24,517	21,225	7,024	6,851
		<u>69,192</u>	<u>110,752</u>	<u>49,599</u>	<u>82,691</u>
Current liabilities					
Bank overdrafts (secured)	13	350	8,210	-	-
Amount due to a bank	14	13,538	-	13,538	-
Fees received in advance		2,379	2,062	18	-
Trade creditors		6,071	13,290	850	2,115
Other creditors and accrued expenses	15	31,619	35,629	10,137	9,275
Due to subsidiary companies (trade)		-	-	296	437
Due to subsidiary companies (non-trade)	16	-	-	1,142	378
Due to associated companies (non-trade)	16	9	19	-	-
Hire purchase creditors	17	6	3	-	-
Bank term loans - current portion (secured)	18	2,408	1,137	-	-
Provision for tax		2,808	1,692	2,393	932
		<u>59,188</u>	<u>62,042</u>	<u>28,374</u>	<u>13,137</u>
Net current assets		10,004	48,710	21,225	69,554
Non-current liabilities					
Due to subsidiary companies (non-trade)	16	-	-	(5,600)	(33,100)
Hire purchase creditors	17	(10)	(21)	-	-
Bank term loans - non-current portion (secured)	18	(1,177)	(1,456)	-	-
Deferred tax liabilities	19	(67)	(1,274)	-	(362)
		<u>44,905</u>	<u>92,459</u>	<u>41,035</u>	<u>85,086</u>
Share capital and reserves					
Share capital	20	15,680	15,678	15,680	15,678
Reserves	21	24,477	71,216	25,355	69,408
		<u>40,157</u>	<u>86,894</u>	<u>41,035</u>	<u>85,086</u>
Minority interests		4,748	5,565	-	-
		<u>44,905</u>	<u>92,459</u>	<u>41,035</u>	<u>85,086</u>

The accounting policies and explanatory notes on pages 59 to 90 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2004

(In Singapore dollars)

	Note	2004 \$'000	2003 \$'000
Operating revenue	22	134,095	185,371
Other income	23	-	80
Staff costs	24	(57,313)	(65,674)
Depreciation of fixed assets	3	(9,018)	(10,624)
Other operating expenses		(112,271)	(101,518)
(Loss)/profit from operations	25	(44,507)	7,635
Interest expense	26	(580)	(346)
Interest income	26	131	362
Share of results of associated companies		(736)	(383)
(Loss)/profit before taxation and exceptional item		(45,692)	7,268
Exceptional item	27	3,567	-
(Loss)/profit before taxation		(42,125)	7,268
Taxation	28	(1,834)	(1,347)
(Loss)/profit after taxation		(43,959)	5,921
Minority interests		1,470	6,311
Net (loss)/profit attributable to shareholders		(42,489)	12,232
(Loss)/earnings per share (cents)	29		
Basic		(13.58)	3.91
Diluted		(13.58)	3.88

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2004

[In Singapore dollars]

	Share capital \$'000	Share premium \$'000	Translation reserve \$'000	Revenue reserve \$'000	Total \$'000
Balance at 1 April 2002	15,551	5,529	623	55,991	77,694
Net profit	-	-	-	12,232	12,232
Dividends paid (Note 30)	-	-	-	(2,444)	(2,444)
Issue of shares	127	2,134	-	-	2,261
Exchange differences arising on consolidation	-	-	(2,849)	-	(2,849)
Balance at 31 March 2003	15,678	7,663	(2,226)	65,779	86,894
Net loss	-	-	-	(42,489)	(42,489)
Dividends paid (Note 30)	-	-	-	(4,036)	(4,036)
Issue of shares	2	13	-	-	15
Exchange differences arising on consolidation	-	-	(227)	-	(227)
Balance at 31 March 2004	15,680	7,676	(2,453)	19,254	40,157

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2004

(In Singapore dollars)

	Note	2004 \$'000	2003 \$'000
Cash flow from operating activities			
(Loss)/profit before tax and minority interests		(42,125)	7,268
Adjustments:			
Amortisation of intangible assets		835	1,265
Impairment of intangible assets		595	-
Amortisation of goodwill on consolidation		679	194
Goodwill on consolidation written off		4,900	-
Bad debts written off (trade)		11,755	1,064
Provision for doubtful debts			
- trade		16,480	3,872
- non-trade		1,213	-
Provision for stock obsolescence		-	83
Depreciation of fixed assets		9,018	10,624
Interest expense		580	346
Interest income		(131)	(362)
(Gain)/loss on disposal of subsidiary companies		(3,567)	559
Loss on disposal of fixed assets		47	16
Share of results of associated companies		736	383
Operating profit before working capital changes		1,015	25,312
Decrease/(increase) in:			
Stocks		845	(379)
Debtors		1,329	(31,277)
Increase/(decrease) in:			
Fees received in advance		317	(1,656)
Creditors		(9,056)	13,408
Due to associated companies (non-trade)		(245)	(209)
Due from/(to) associated companies (trade)		9,034	(5,871)
Cash generated from/(used in) operations		3,239	(672)
Interest received		131	362
Interest paid		(580)	(346)
Income taxes paid		(3,972)	(6,330)
Net cash used in operating activities		(1,182)	(6,986)
Cash flow from investing activities			
Acquisition of subsidiary companies, net of cash acquired	A	1,692	(375)
Disposal of a subsidiary company, net of cash disposed	A	(12)	(310)
Purchase of fixed assets		(3,515)	(6,837)
Increase in intangible assets		(706)	(1,594)
Proceeds from disposal of fixed assets		-	289
Net cash used in investing activities		(2,541)	(8,827)
Cash flow from financing activities			
Payment of hire purchase instalments		(8)	(74)
Proceeds from bank term loans		992	722
Increase in amount due to a bank		13,538	-
Proceeds from issue of shares		15	2,261
Proceeds from shares issued to minority shareholders of subsidiary companies		-	3,918
Dividends paid to shareholders of the Company		(4,036)	(2,444)
Amount from a minority shareholder of a subsidiary company		1,506	-
Net cash from financing activities		12,007	4,383

The accounting policies and explanatory notes on pages 59 to 90 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2004

[In Singapore dollars]

	Note	2004 \$'000	2003 \$'000
Net increase/(decrease) in cash and cash equivalents		8,284	(11,430)
Cash and cash equivalents at beginning of year	31	17,759	31,480
Effect of exchange rate changes on balances in foreign currencies		<u>(470)</u>	<u>(2,291)</u>
Cash and cash equivalents at end of year	31	<u>25,573</u>	<u>17,759</u>

Note A

Acquisition and disposal of subsidiary companies have been shown in the consolidated statement of cash flows as a separate item. The effect on the individual assets and liabilities is set out below:

Acquisition	\$'000
Fixed assets	1,529
Cash at bank	1,692
Debtors	3,476
Creditors	(9,319)
Stocks	108
Provision for tax	(45)
Interest in subsidiary previously accounted for as associated company	(26)
Goodwill arising on acquisition	2,585
Cash and cash equivalents acquired	<u>1,692</u>
Cash inflow on acquisition	<u>1,692</u>
Disposal	
Fixed assets	617
Stocks	89
Cash at bank	(15,572)
Debtors	1,754
Creditors	(15,105)
Deferred tax assets	<u>2,181</u>
	(26,036)
Minority interests share of net liabilities	10,415
Bank overdraft taken over	15,584
Reduction of minority interest's share of net liabilities for bank overdraft taken over	(6,234)
Intercompany balances given up	4,125
Reversal of minority interest for intercompany balances given up	(1,650)
Exchange differences	<u>229</u>
	(3,567)
Gain on disposal of a subsidiary company	3,567
Cash and cash equivalents disposed off	<u>(12)</u>
Cash outflow on disposal	<u>(12)</u>

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

[In Singapore dollars]

1. CORPORATE INFORMATION

The consolidated financial statements of Informatics Holdings Ltd (the "Company") and its subsidiary companies (the "Group") for the financial year ended 31 March 2004 and balance sheet of the Company as at 31 March 2004 were authorised for issue in accordance with a resolution of the directors dated on 30 June 2004.

The Company is a limited liability company which is domiciled and incorporated in Singapore. The address of the Company's registered office and principal place of business is 5 International Business Park, Informatics Building, Singapore 609914.

The principal activities of the Company are those of investment holding, franchisor for computer and commercial training centres and examination facilitators. The Company also operates under the names "Informatics International", "Informatics Academy", "Informatics Consulting", "Thames Management Centre International", "Thames Academy", "Thames International", "Computer Assisted Learning International", "Informatics Higher Education" and "Informatics Corporate Learning", being sole-proprietorships registered under the name of the Company.

The principal activities of the subsidiary companies include:

- IT education and training;
- business education and training; and
- investment holding.

Details of these subsidiary companies are shown in Note 4 to the financial statements.

There have been no significant changes in the nature of these activities during the year.

The Group and Company employed 1,325 and 151 (2003: 1,529 and 113) employees as at 31 March 2004, respectively.

Fundamental accounting concept

The financial statements have been prepared on a going concern basis, having regard to the assumptions set out in Note 35.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Companies Act, Cap. 50. In previous years, the financial statements were prepared in accordance with Singapore Statements of Accounting Standard ("SAS"). The transition from SAS to FRS did not result in any significant change in accounting policies.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous financial year.

The financial statements are presented in Singapore Dollars (SGD or \$).

(b) Principles of consolidation

The accounting year of the Company and all its subsidiary companies ends on 31 March and the consolidated financial statements comprise the financial statements of the Company and all its subsidiary companies, after the elimination of all material intragroup transactions and resulting unrealised profits. Unrealised losses resulting from intragroup transactions are also eliminated unless costs cannot be recovered. The equity and net profit attributable to minority shareholders are shown separately in the consolidated balance sheet and consolidated profit and loss account, respectively.

The results of subsidiary companies acquired or disposed of during the year are included or excluded from the respective dates of acquisition or disposal, as applicable.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Assets, liabilities and results of overseas subsidiary companies are translated into Singapore dollars on the basis outlined in paragraph (v) below.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

[In Singapore dollars]

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Subsidiary companies

A subsidiary is a company in which the Group, directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

Investment in subsidiary companies is stated at cost less any impairment loss in the Company's balance sheet.

An assessment of investment in subsidiary companies is performed when there is indication that the asset has been impaired or the impairment losses recognised in the prior years no longer exist.

(d) Associated companies

An associated company is an entity, not being a subsidiary company, in which the Group has a long-term interest of not less than 20% nor more than 50% of the equity and in whose financial and operating policy decisions the Group exercises significant influence.

The Group's investment in associated company is accounted for under the equity method. Investment in associated company is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of an associated company, less any impairment loss. The Group's share of the results of associated company is included in the consolidated profit and loss account.

When the Group's share of losses exceeds the carrying amount of the investment, the investment is reported at nil value and recognition of losses is discontinued except to the extent of the Group's commitment.

Unrealised gains arising from transactions with the associated company are eliminated to the extent of the Group's interest in the associated company, against the investment in the associated company. Unrealised losses are eliminated similarly but only to the extent that there is no evidence of impairment of the asset transferred.

Investment in associated company is stated at cost less any impairment loss in the Company's balance sheet. An assessment of investment in associated company is performed when there is indication that the asset has been impaired or the impairment losses recognised in the prior years no longer exist.

(e) Investments in unquoted shares

Unquoted investments held on a long-term basis are stated at cost less any impairment loss. An assessment is performed when there is indication that the investments have been impaired or the impairment losses recognised in the prior years no longer exist.

(f) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and any impairment in value. The initial cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to a working condition for its intended use. Expenditure for maintenance and repairs are charged to the profit and loss account in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of fixed asset beyond its originally assessed standard of performance, the expenditures are capitalised as an additional cost of fixed asset. When assets are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit and loss account.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amount and if carrying values exceed their recoverable amount, assets are written down.

(g) Depreciation

Depreciation is provided on all fixed assets, other than freehold land, at the following rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its estimated useful life:

	Years
Buildings on freehold and leasehold land	50 years or over the remaining period of lease
Leasehold units	Over remaining period of lease
Plant and equipment	15 - 20
Furniture and fittings, office and computer equipment	3 - 10
Improvement to premises	3 - 5
Training aids	5
Motor vehicles	6

Fully depreciated fixed assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of fixed assets.

(h) Intangible assets

Development costs incurred in developing in-house software, new courses and the accompanying manuals are capitalised and amortised on a straight-line basis over the expected life of the courses, which on average is three years.

Cost incurred in relation to the acquisition of rights to run courses at universities are capitalised and amortised on a straight-line basis over the period of the rights.

The carrying value of intangible assets are reviewed at each balance sheet date for impairment when circumstances indicate that the carrying value may not be recoverable.

(i) Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of a subsidiary company at the date of acquisition. Goodwill is amortised using the straight-line basis over the period of expected benefit not exceeding 20 years. The estimated useful life is revised for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is stated at cost less accumulated amortisation and any impairment.

(j) Impairment of assets

Fixed assets, intangible asset, goodwill and long term investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the profit and loss account. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

Reversal of an impairment loss recognised in prior years is recorded when there is an indication that the impairment loss recognised for an asset no longer exists or has decreased. The reversal is recorded in the profit and loss account.

(k) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value is the estimated normal selling price, less estimated costs necessary to make the sale. Provision is made for deteriorated, damaged, obsolete and slow-moving stocks.

(l) Trade and other debtors

Trade debtors, which generally have 30 - 90 day terms, are recognised and carried at original invoiced amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Amounts owing from subsidiary companies, associated companies and minority shareholder of a subsidiary company are recognised and carried at cost less an allowance for any uncollectible amounts.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

[In Singapore dollars]

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and at banks, including bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Cash on hand and in banks and short-term deposits which are held to maturity are carried at cost.

(n) Trade and other creditors

Trade creditors, which are normally settled on 30 - 90 day terms are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

Amounts owing to subsidiary and associated companies are carried at cost.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(p) Borrowings

Borrowings are recognised initially at cost, being the fair value of the consideration received, net of transaction costs. Borrowing costs are generally expensed as incurred.

(q) Employee benefits

Defined contribution plan

As required by law, the Group's companies in Singapore and certain overseas subsidiary companies make contributions to the state pension schemes of the respective countries. Such contributions are recognised as compensation expenses in the same period as the employment that give rise to the contribution.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

Share options

The Company has in place a Share Option Scheme for the granting of options to eligible employees to subscribe for shares in the Company. There are no charges to earnings upon the grant or exercise of the options.

(r) Leases

Finance lease

Finance leases, which effectively transfer to the group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the present value of the minimum lease payments at the inception of the lease term. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit and loss account.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

(s) Revenue recognition

Initial franchise fee is recognised upon completion of the designated phases of the franchise setups, transfer of know-how and collection status. Recurring franchise fees are recognised on a periodic basis upon billing.

Royalty fee, examination fee, interest and commission income are recognised on an accrual basis.

Course fee income is recognised over the period of the course.

Course fee income from courses hosted on the e-learning portal is recognised over the access period allowed which typically coincides with the period of the courses.

Income from service contracts is recognised over the period of the contract.

Income from consultancy and software development services is recognised upon the completion of the contract.

Dividend income is recognised when the Group's right to receive payment is established.

Group turnover excludes intercompany transactions and turnover of associated companies.

(t) Government grants

Asset related grants from the Government are deferred and recognised as income over the useful life of the related assets. Income related grants from the Government are taken to the profit and loss account in the periods to which they relate.

(u) Income taxes

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiary and associated companies, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

At each balance sheet date, the Group re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised.

Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

(v) Foreign currency translation

Transactions in foreign currencies are recorded into their respective measurement currencies at exchange rates approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at balance sheet date. All resultant exchange differences are recognised in the profit and loss account.

Assets and liabilities of foreign entities are translated into Singapore dollar equivalents at exchange rates ruling at balance sheet date. Revenues and expenses are translated at average exchange rates for the year. All resultant exchange differences are taken directly to equity. On disposal of a foreign entity, accumulated exchange differences are recognised in the profit and loss account as a component of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the acquiring entity and are recorded at the exchange rate at the date of the transaction.

(w) Segment information

For management purposes, the Group is organised on a world-wide basis into four major operating businesses. The businesses are the basis on which the Group reports its primary segment information.

Segment revenue, expenses and results include transfers between business segments and between geographical segments. Such transfers are accounted for on an arm's length basis.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

(In Singapore dollars)

3. FIXED ASSETS

	Freehold land and buildings \$'000	Leasehold land and buildings \$'000	Leasehold units \$'000	Plant and equipment \$'000	Furniture and fittings, office and computer equipment \$'000	Improvement to premises \$'000	Training aids \$'000	Motor vehicles \$'000	Total \$'000
Group									
Cost									
As at 1 April 2003	6,435	6,328	4,369	2,460	55,394	12,021	2,352	1,795	91,154
Additions	-	-	-	48	1,203	1,568	323	373	3,515
Arising from acquisition of subsidiary companies	-	-	-	13	3,911	1,739	-	57	5,720
Disposals	-	-	-	(1,298)	(1,595)	(462)	(254)	(508)	(4,117)
Arising from disposal of subsidiary companies	-	-	-	-	(14,873)	(1,891)	-	-	(16,764)
Exchange differences on consolidation	(349)	-	-	(1)	949	(178)	(3)	(24)	394
As at 31 March 2004	6,086	6,328	4,369	1,222	44,989	12,797	2,418	1,693	79,902
Accumulated depreciation									
As at 1 April 2003	505	1,168	1,167	1,529	46,478	8,728	1,841	882	62,298
Charge for the year	81	115	99	77	5,844	2,345	308	149	9,018
Disposals	-	-	-	(905)	(1,564)	(4)	(238)	(154)	(2,865)
Arising from acquisition of subsidiary companies	-	-	-	13	2,421	1,709	-	48	4,191
Arising from disposal of subsidiary companies	-	-	-	-	(14,313)	(1,834)	-	-	(16,147)
Exchange differences on consolidation	65	-	-	(1)	554	(146)	(2)	(18)	452
As at 31 March 2004	651	1,283	1,266	713	39,420	10,798	1,909	907	56,947
Charge for 2003	86	125	89	179	7,727	1,834	342	242	10,624
Net book value									
As at 31 March 2004	5,435	5,045	3,103	509	5,569	1,999	509	786	22,955
As at 31 March 2003	5,930	5,160	3,202	931	8,916	3,293	511	913	28,856

3. FIXED ASSETS (CONT'D)

	Leasehold buildings \$'000	Leasehold units \$'000	Plant and equipment \$'000	Furniture and fittings, office and computer equipment \$'000	Improvement to premises \$'000	Training aids \$'000	Motor vehicles \$'000	Total \$'000
Company								
Cost								
As at 1 April 2003	5,741	4,470	1,146	2,923	369	1,491	1,033	17,173
Additions	-	-	-	132	60	106	174	472
Disposals	-	-	(9)	(207)	(94)	-	(218)	(528)
Transfer from a subsidiary company	-	-	9	186	94	-	-	289
As at 31 March 2004	5,741	4,470	1,146	3,034	429	1,597	989	17,406
Accumulated depreciation								
As at 1 April 2003	1,005	1,182	609	2,132	267	1,061	424	6,680
Charge for the year	115	89	69	501	107	218	149	1,248
Disposals	-	-	(3)	(106)	(35)	-	(87)	(231)
Transfer from a subsidiary company	-	-	3	79	35	-	-	117
As at 31 March 2004	1,120	1,271	678	2,606	374	1,279	486	7,814
Charge for 2003	115	89	70	470	100	154	164	1,162
Net book value								
As at 31 March 2004	4,621	3,199	468	428	55	318	503	9,592
As at 31 March 2003	4,736	3,288	537	791	102	430	609	10,493

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

[In Singapore dollars]

3. FIXED ASSETS (CONT'D)

Included in the fixed assets of the Group and the Company are the following:

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
(i) Net book value of office equipment acquired under hire purchase arrangements	23	32	-	-
(ii) Net book value of assets mortgaged to banks for banking facilities				
- freehold and leasehold land and buildings (Note 18)	3,606	3,981	-	-

4. SUBSIDIARY COMPANIES

	2004 \$'000	Company 2003 \$'000
Unquoted equity shares, at cost	68,203	54,770
Less: Impairment losses	(57,518)	(23,199)
	<u>10,685</u>	<u>31,571</u>

Movements in impairment losses during the financial year were as follows:

At beginning of year	23,199	2,660
Impairment during the year	34,319	21,260
Written off during the year	-	(721)
	<u>57,518</u>	<u>23,199</u>

4. SUBSIDIARY COMPANIES (CONT'D)

Name of company (country of incorporation and place of business)	Principal activities	Effective equity held by the Group		Cost of investment by the Company	
		2004 %	2003 %	2004 \$'000	2003 \$'000
Held by the Company					
* Informatics YLG Pte Ltd (Singapore)	Business management consultancy and child development	100	100	586	586
* Informatics Children Education Pte Ltd (Singapore)	Dormant	100	100	315	315
* ICS Pte Ltd (Singapore)	Dormant	100	100	3,195	3,195
* Informatics Group (Singapore) Pte Ltd (Singapore)	Computer and business education and training, business management consultancy and child development	100	100	725	725
* PurpleTrain.com Pte Ltd (Singapore)	Operation of e-learning portal providing e-learning for higher education, corporations and education services	100	100	50	50
* SIU Recruitment Centre Pte Ltd (Singapore)	Dormant	100	100	464	464
* Thames Resources Pte Ltd (Singapore)	Dormant	100	100	61	61
* Informatics Regional Applied Computing Centre Pte Ltd (Singapore)	Dormant	100	100	557	557
* Informatics Centre For Marketing and Management Pte Ltd (Singapore)	Dormant	100	100	174	174

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

[In Singapore dollars]

4. SUBSIDIARY COMPANIES (CONT'D)

Name of company (country of incorporation and place of business)	Principal activities	Effective equity held by the Group		Cost of investment by the Company	
		2004 %	2003 %	2004 \$'000	2003 \$'000
Held by the Company					
∞ LMN Education Pte Ltd (Singapore)	Operation of commercial schools, development of software, multi- media works and investment holding	100	100	696	696
∞ Thames Advancement Pte Ltd (Singapore)	Dormant	100	100	384	384
∞ Thames Centre Pte Ltd (Singapore)	Dormant	100	100	510	510
** ## Citinetics Sdn Bhd (Malaysia)	Computer education and training	100	-	-	-
** Futurekids Learning Centre Sdn Bhd (Malaysia)	Computer education and training	100	100	284	284
= Stance Sdn Bhd (Malaysia)	Dormant	100	100	52	52
** Informatics Resource Corporation Sdn Bhd (Malaysia)	Computer education and training, educational and business management consultancy	100	100	14,054	3,204
** Informatics Resources Group (M) Sdn Bhd (Malaysia)	Educational and business management consultancy	100	100	2,327	973
** PT Informatics Rigtenders Indonesia (Indonesia)	Computer education and training	60	60	632	632
** Singapore Informatics Computer Institute (Pvt) Ltd (Sri Lanka)	Computer education and training	100	100	788	788
β Informatics (HK) Ltd (Hong Kong)	Computer education and training	100	100	776	776
β Informatics (Shanghai) Ltd (Hong Kong)	Computer education and training	100	100	909	909

4. SUBSIDIARY COMPANIES (CONT'D)

Name of company (country of incorporation and place of business)	Principal activities	Effective equity held by the Group		Cost of investment by the Company		
		2004 %	2003 %	2004 \$'000	2003 \$'000	
Held by the Company						
β PurpleTrain (HK) Ltd (formerly known as Computer Assisted Learning (HK) Ltd) (Hong Kong)	Dormant	100	100	@	@	
β Informatics (North China) Ltd (Hong Kong)	Dormant	100	100	215	215	
+ Informatics Group (Europe) Limited (United Kingdom)	Investment holding	100	100	37,851	37,804	
∅ Informatics Consultancy (Shanghai) Co., Ltd (People's Republic of China)	Investment consultancy, development of market for business management and computer training schools	100	100	594	594	
@@ Informatics International Co Ltd (Thailand)	Computer education and training	82	82	754	754	
# Corbata Property Management Limited Liability Company (Hungary)	Investment holding	100	100	68	68	
** % Informatics Computer Centre Sdn Bhd (Malaysia)	Computer education and training	100	100	1,182	-	
* Informatics Young Learners Group Pte Ltd (Singapore)	Dormant	100	100	-	-	
				<u>68,203</u>	<u>54,770</u>	

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

[In Singapore dollars]

4. SUBSIDIARY COMPANIES (CONT'D)

Name of company (country of incorporation and place of business)	Principal activities	Effective equity held by the Group		Cost of investment by the Company	
		2004 %	2003 %	2004 \$'000	2003 \$'000
Held by the subsidiary companies					
* NCC Services (S.E.Asia) Pte Ltd (Singapore)	Dormant	100	100	-	-
** Lambang Saga Sdn Bhd (Malaysia)	Property investment	100	100	-	-
** Informatics Smarter Education Sdn Bhd (formerly known as Informatics Training Sdn Bhd) (Malaysia)	Dormant	70	70	-	-
** Informatics Training (Sarawak) Sdn Bhd (Malaysia)	Computer education and training	100	100	-	-
= Thames Consulting Group Sdn Bhd (Malaysia)	Educational and business management consultancy	100	100	-	-
** Informatics Open Learning Services Sdn Bhd (Malaysia)	Investment holding	100	100	-	-
** IAHE Consultants Sdn Bhd (Malaysia)	Educational and business management consultancy	51	51	-	-
** PurpleTrain.com (M) Sdn Bhd (Malaysia)	Provision of education and training facilities	100	100	-	-
= Computer Assisted Learning Centre Sdn Bhd (Malaysia)	Computer education and training	100	100	-	-
** Institute Sarjana Sdn Bhd ## (Malaysia)	Computer education and training	100	30	-	-
** Informatics Training Technology ## Sdn Bhd (Malaysia)	Computer education and training	100	20	-	-
** Informatics Perkasa Sdn Bhd ## (Malaysia)	Computer education and training	100	20	-	-

4. SUBSIDIARY COMPANIES (CONT'D)

Name of company (country of incorporation and place of business)	Principal activities	Effective equity held by the Group		Cost of investment by the Company		
		2004 %	2003 %	2004 \$'000	2003 \$'000	
Held by the subsidiary companies						
∅ NCC Education (M) Sdn Bhd (Malaysia)	Computer education and training	100	100	-	-	
@@@ = t Twin Unity Sdn Bhd (Malaysia)	Educational and business management consultancy	72	72	-	-	
∅ Informatics, Inc. (United States of America)	Investment holding	100	100	-	-	
β Informatics Professional Training Limited (formerly known as Info-Crest (HK) Ltd) (Hong Kong)	Dormant	100	100	-	-	
+ NCC Education Limited (United Kingdom)	Educational and business management consultancy	100	100	-	-	
+ Informatics Investments Limited (United Kingdom)	Investment holding	60	60	-	-	
- Informatics Group (UK) Limited (United Kingdom)	Computer education and training	-	60	-	-	
+ I-Skills Alliance Limited (United Kingdom)	Investment holding	100	100	-	-	
++ Cornerstone Sweden Aktiebolag (Sweden)	Computer education and training	60	60	-	-	

@ Denotes less than \$1,000.

@@ This represents the Group's effective interest in Informatics International Co. Ltd. The Company holds a 78.5% (2003: 78.5%) direct interest in Informatics International Co. Ltd and the remaining 3.5% (2003: 3.5%) is held through a subsidiary. The subsidiary company is currently under voluntary liquidation.

@@@ This represents the Group's effective interest in Twin Unity Sdn Bhd. A subsidiary holds a 60% (2003: 60%) direct interest in Twin Unity Sdn Bhd and the remaining 12% (2003: 12%) is held through an associated company.

* Audited by Ernst & Young, Singapore.

** Audited by associated firms of Ernst & Young, Singapore.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

(In Singapore dollars)

4. SUBSIDIARY COMPANIES (CONT'D)

- β Audited by PriceWaterhouseCoopers, Hong Kong.
- ∅∅ Audited by KPMG, Malaysia.
- + Audited by Grant Thornton, United Kingdom.
- ++ Audited by Grant Thornton, Sweden.
Audited by Chuangchote Chottsorayudha, Thailand.
- # Audited by HeziComp Ltd, Hungary.
- ∞ Audited by Barry Wee & Co., Singapore.
- ∞∞ Audited by Chong, Lim and Partners, Singapore.
- = Audited by K. H. Kuan & Co., Malaysia.
- ∅ Not required to be audited by the laws of the country of incorporation.
- Placed under administration during the year.
- ## During the year, the Company acquired full management control and authority over all financial and operating activities of these companies. The consolidated financial statements include the results of assets and liabilities of these companies.
- % This represents the Group's effective interest in Informatics Computer Centre Sdn Bhd. The Company holds a 85% (2003: Nil) direct interest on Informatics Computer Centre Sdn Bhd and the remaining 15% (2003: 100%) is held through a subsidiary.
- t Liquidated/under members' voluntary liquidation during the year.

5. ASSOCIATED COMPANIES

	2004 \$'000	Group 2003 \$'000	2004 \$'000	Company 2003 \$'000
Unquoted equity shares, at cost	6,955	6,487	5,100	5,100
Group's share of post-acquisition results and reserve	(2,984)	(1,676)	-	-
	<u>3,971</u>	<u>4,811</u>	5,100	5,100
Less: Impairment losses	-	-	(2,504)	(367)
	<u>3,971</u>	<u>4,811</u>	<u>2,596</u>	<u>4,733</u>

5. ASSOCIATED COMPANIES (CONT'D)

Movements in impairment losses during the financial year were as follows:

	2004 \$'000	Company 2003 \$'000
At the beginning of year	367	426
Provision during the year	2,137	-
Written off during the year	-	(59)
At end of year	<u>2,504</u>	<u>367</u>

Name of company (country of incorporation and place of business)	Principal activities	Effective equity held by the Group		Cost of investment by the Company	
		2004 %	2003	2004 % \$'000	2003 \$'000
Held by the Company					
* IAF Pte Ltd (Singapore)	Management of computer training schools in the Peoples' Republic of China	30	30	270	270
∅ IGHT Pte Ltd (Singapore)	Management of computer training schools in Cambodia	40	40	318	318
* IIHE Pte Ltd (Singapore)	Management of computer training schools in the Peoples' Republic of China	40	40	553	553
∅ United Info Summit Pte Ltd (Singapore)	Management of business and computer training schools in Myanmar	40	40	548	548
* Info-Millenium Pte Ltd (Singapore)	Management of computer training schools in the Peoples' Republic of China	40	40	252	252
∅ PT Triaksara Saraswati (Indonesia)	Management of computer training schools in Indonesia	20	20	172	172

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

[In Singapore dollars]

5. ASSOCIATED COMPANIES (CONT'D)

Name of company (country of incorporation and place of business)	Principal activities	Effective equity held by the Group		Cost of investment by the Company	
		2004 %	2003	2004 % \$'000	2003 \$'000
Held by the Company					
⊗ Informatics Holdings Philippines Inc (Philippines)	Investment holding	40	40	1,487	1,487
⊗ De Chazal Du Mee Informatics Ltd (Mauritius)	Computer education and training	20	20	101	101
⊗ Edutech Informatics India Ltd (India)	Computer education and training	23	23	1,310	1,310
⊗ Berjaya Informatics Sdn Bhd (Malaysia)	Computer and education training	30	30	89	89
				<u>5,100</u>	<u>5,100</u>
Held by the subsidiary companies					
⊗ Multimedia Computer Assisted Learning Ltd (Hong Kong)	Dormant	40	40	-	-
⊗ Informatics (Macau) Limited (Macau)	Computer education and training	40	40	-	-
⊗ Informatics Computer Institute, Inc (Philippines)	Computer education and training	40	40	-	-

⊗ These associated companies are not significant as defined under Rule 718 of the SGX-ST Listing Manual.

* Audited by Ernst & Young, Singapore.

∅ Audited by BDO, Singapore.

6. OTHER INVESTMENTS

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Unquoted investments, at cost	3,459	3,459	942	942
Less: Impairment losses	(157)	(157)	(157)	(157)
	<u>3,302</u>	<u>3,302</u>	<u>785</u>	<u>785</u>

7. INTANGIBLE ASSETS

At cost

At beginning of year	6,885	5,177	899	-
Additions	748	1,594	110	899
Disposals	-	-	(7)	-
Exchange differences on consolidation	(60)	114	-	-
	<u>7,573</u>	<u>6,885</u>	<u>1,002</u>	<u>899</u>
Less: Accumulated amortisation	(5,508)	(4,680)	(297)	(149)
Less: Impairment losses	(595)	-	(595)	-
	<u>1,470</u>	<u>2,205</u>	<u>110</u>	<u>750</u>

Movements in accumulated amortisation during the financial year are as follows:

At beginning of year	4,680	3,402	149	-
Amortisation for the year	835	1,265	148	149
Exchange differences on consolidation	(7)	13	-	-
	<u>5,508</u>	<u>4,680</u>	<u>297</u>	<u>149</u>

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

[In Singapore dollars]

8. GOODWILL ON CONSOLIDATION

	2004 \$'000	Group 2003 \$'000
At cost		
At beginning of year	4,216	3,687
Arising from acquisition of interests in subsidiary companies	2,585	921
Goodwill written off	(4,900)	-
Exchange differences on consolidation	1,132	92
	<u>3,033</u>	<u>4,700</u>
Less: Accumulated amortisation	(455)	(484)
	<u>2,578</u>	<u>4,216</u>
Movements in accumulated amortisation during the financial year were as follows:		
At beginning of year	484	248
Amortisation for the year	679	194
Arising from goodwill written off	(766)	-
Exchange differences on consolidation	58	42
	<u>455</u>	<u>484</u>

9. TRADE DEBTORS

	2004 \$'000	Group 2003 \$'000	2004 \$'000	Company 2003 \$'000
Trade debtors	47,935	57,980	30,942	32,240
Less: Provision for doubtful trade debts	(17,260)	(5,164)	(13,768)	(2,473)
	<u>30,675</u>	<u>52,816</u>	<u>17,174</u>	<u>29,767</u>
Classified as follows:				
Current portion	29,033	52,154	15,532	29,105
Non-current portion	1,642	662	1,642	662
	<u>30,675</u>	<u>52,816</u>	<u>17,174</u>	<u>29,767</u>

9. TRADE DEBTORS (CONT'D)

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Movements in provision for doubtful trade debts during the financial year were as follows:				
At beginning of year	5,164	2,061	2,473	808
Transfer from a subsidiary company	-	-	411	-
Provision for the year	16,480	3,872	12,633	2,352
Written off against provision	(4,465)	(687)	(1,749)	(687)
Exchange differences on consolidation	81	(82)	-	-
At end of year	<u>17,260</u>	<u>5,164</u>	<u>13,768</u>	<u>2,473</u>

10. STOCKS

	Group	
	2004 \$'000	2003 \$'000
Finished goods, at net realisable value	<u>326</u>	<u>1,152</u>

Finished goods are stated after deducting provision for stock obsolescence of \$Nil (2003: \$214,000).

Movements in provision for stock obsolescence during the year were as follows:

At beginning of year	214	126
Provision for the year	-	83
Exchange differences on consolidation	21	5
Written off during the year	(235)	-
At end of year	<u>-</u>	<u>214</u>

11. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Other debtors	8,566	14,429	7,066	5,598
Deposits	2,255	2,527	35	12
Prepayments	3,249	3,169	74	289
Staff loans	64	63	19	-
	<u>14,134</u>	<u>20,188</u>	<u>7,194</u>	<u>5,899</u>
Less : Provision for doubtful debts	(1,208)	-	(551)	-
	<u>12,926</u>	<u>20,188</u>	<u>6,643</u>	<u>5,899</u>

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

[In Singapore dollars]

11. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS (CONT'D)

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Movement in provision for other debtors during the year were as follows:				
At beginning of year	-	-	-	-
Provision for the year	1,213	-	551	-
Exchange differences on consolidation	(5)	-	-	-
At end of the year	<u>1,208</u>	<u>-</u>	<u>551</u>	<u>-</u>

12. DUE FROM SUBSIDIARY COMPANIES (NON-TRADE) DUE FROM ASSOCIATED COMPANIES (NON-TRADE) LOANS TO SUBSIDIARY COMPANIES DUE FROM A MINORITY SHAREHOLDER OF A SUBSIDIARY COMPANY (NON-TRADE)

These amounts are unsecured, interest-free and have no fixed terms of repayment.

13. BANK OVERDRAFTS (SECURED)

The bank overdrafts carried an interest rate of 7.5% (2003: 5%) per annum.

14. AMOUNT DUE TO A BANK

The amount due to a bank bears interest at 1.49% per annum and is unsecured.

15. OTHER CREDITORS AND ACCRUED EXPENSES

Deposits received	674	914	19	-
Other creditors	2,419	4,774	692	441
Deferred franchise fees	5,921	6,482	5,917	5,473
Deferred income	5,873	3,674	69	183
Accrued operating expenses	16,732	19,785	3,440	3,178
	<u>31,619</u>	<u>35,629</u>	<u>10,137</u>	<u>9,275</u>

16. DUE TO SUBSIDIARY COMPANIES (NON-TRADE) DUE TO ASSOCIATED COMPANIES (NON-TRADE)

These amounts are unsecured, interest-free and have no fixed terms of repayment except for the amount due to subsidiary companies of \$5,600,000 (2003: \$33,100,000) which is not repayable within the next 12 months.

17. HIRE PURCHASE CREDITORS

The Group leases certain equipment for its operating activities. The average discount rate implicit in the hire purchase is 9%-15% (2003: 9%-15%) per annum.

Future minimum lease payments together with the present value of the minimum lease payments are as follows:

	2004		2003	
	Minimum payments \$'000	Present value of payments \$'000	Minimum payments \$'000	Present value of payments \$'000
Within one year	6	6	3	3
After one year but not more than five years	13	10	26	21
Total minimum lease payments	19	16	29	24
Less: Amounts representing finance charges	(3)	-	(5)	-
Present value of minimum lease payments	16	16	24	24

Lease terms range from 1 to 5 years with options to purchase at the end of the lease term. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing.

18. BANK TERM LOANS (SECURED)

	Group	
	2004 \$'000	2003 \$'000
Repayable within one year	2,408	1,137
Repayable after one year	1,177	1,456
	3,585	2,593

The bank term loans are secured by way of a first legal charge over the freehold land and buildings of subsidiary companies with a net book value as at 31 March 2004 of \$3,606,000 (2003: \$3,981,000) (Note 3).

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

[In Singapore dollars]

18. BANK TERM LOANS (SECURED) (CONT'D)

Details of the bank term loans are as follows:

	2004 \$'000	Group 2003 \$'000
(i) Repayable by monthly instalments from 1992 to 2007. Interest is charged at a rate of 8% (2003: 8.15%) per annum.	194	150
(ii) Repayable by monthly instalments from 1995 to 2010. Interest is charged at a rate of 8% (2003: 8.4%) per annum.	130	105
(iii) Repayable by monthly instalments from 2000 to 2011. Interest is charged at a fixed rate of 8% (2003: 8.4%) per annum.	1,020	1,375
(iv) Repayable on 31 December 2004. Interest is charged at a fixed rate of 6.3% (2003: 5.84%) per annum.	2,241	963
	<u>3,585</u>	<u>2,593</u>

19. DEFERRED INCOME TAXES

(a) Deferred tax assets as at 31 March 2004 related to the following:

Excess of depreciation over capital allowances	237	688
Unutilised tax losses	-	1,529
Other deductible temporary differences	-	231
	<u>237</u>	<u>2,448</u>

(b) Deferred tax liabilities as at 31 March 2004 related to the following:

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Accelerated depreciation for tax purposes	67	1,289	-	377
Unrealised exchange losses, net	-	(15)	-	(15)
	<u>67</u>	<u>1,274</u>	<u>-</u>	<u>362</u>

No deferred tax liability has been provided for undistributed earnings of foreign subsidiary companies as it is the intention of the Company to indefinitely reinvest these earnings outside Singapore.

20. SHARE CAPITAL

	Group and Company	
	2004	2003
	\$'000	\$'000
Authorised:		
400,000,000 ordinary shares of \$0.05 each	<u>20,000</u>	<u>20,000</u>
Issued and fully paid:		
At beginning of year		
313,557,000 (2003: 311,023,000) ordinary shares of \$0.05 each	15,678	15,551
Issued during the year		
43,000 (2003: 2,534,000) ordinary shares of \$0.05 each	<u>2</u>	<u>127</u>
At end of year		
313,600,000 (2003: 313,557,000) ordinary shares of \$0.05 each	<u>15,680</u>	<u>15,678</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

During the year, 43,000 (2003: 2,534,000) ordinary shares of \$0.05 each were issued by the Company by virtue of the exercise of the options granted to directors and eligible executives under the Informatics Group Share Option Scheme ("the Scheme"). The excess of the exercise price over the par value of the shares issued amounting to \$13,459 (2003: \$2,134,000) was recorded in the share premium account.

The Committee administering the Scheme comprises the following Directors as at the date of this report:

Dr Wong Tai (Chairman)
Tang Chun Choy

Under the Scheme, options are granted to directors of the Company and eligible executives employed in the Group for a term of 5 years to purchase ordinary shares of the Company.

The subscription price in respect of which an option is exercisable shall be payable on the exercise of the option and may be at the market price based on the average of the last dealt price of the ordinary shares of the Company, as determined by the Committee, by reference to the daily Financial News published by the Stock Exchange for the three consecutive trading days immediately preceding the Date of Grant or at a discount of not more than 20% to the market price, provided always that the subscription price shall be at least the nominal amount of a share.

Options granted to and accepted by Participants in respect of an option granted with a subscription price at the market price will be exercisable after the first anniversary of the offer date of that option and before the fifth anniversary of such offer date. Options granted to and accepted by Participants in respect of an option granted with a subscription price at a discount to the market price will only be exercisable after the second anniversary of the offer date of that option and before the fifth anniversary of such offer date.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

[In Singapore dollars]

20. SHARE CAPITAL (CONT'D)

Under the Scheme, the options granted, exercised, lapsed during the financial year and outstanding as at 31 March 2004 were as follows:

Date granted	Exercise price	Option period	At 1 April 2003	Options lapsed	Options exercised	At 31 March 2004
1998	\$0.363	22.07.1999 - 20.07.2003	410,000	(367,000)	(43,000)	-
1999	\$1.043	16.07.2000 - 14.07.2004	2,064,000	(78,000)	-	1,986,000
2000	\$0.858	01.09.2001 - 30.08.2005	2,761,000	(100,000)	-	2,661,000
2001	\$1.130	21.08.2002 - 19.08.2006	3,470,000	(174,000)	-	3,296,000
2002	\$1.600	01.06.2003 - 30.05.2007	3,866,000	(280,000)	-	3,586,000
2002	\$1.460	22.09.2003 - 21.09.2007	945,000	-	-	945,000
			<u>13,516,000</u>	<u>(999,000)</u>	<u>(43,000)</u>	<u>12,474,000</u>

21. RESERVES

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Share premium	7,676	7,663	7,676	7,663
Translation reserve	(2,453)	(2,226)	-	-
Revenue reserve	19,254	65,779	17,679	61,745
Total reserves	<u>24,477</u>	<u>71,216</u>	<u>25,355</u>	<u>69,408</u>
Made up of :				
Distributable reserves	16,801	63,553	17,679	61,745
Non-distributable reserves	7,676	7,663	7,676	7,663
	<u>24,477</u>	<u>71,216</u>	<u>25,355</u>	<u>69,408</u>

The share premium account may be applied only for the purposes specified in the Companies Act. The balance is not available for distribution of dividends except in the form of shares.

22. OPERATING REVENUE

	Group	
	2004 \$'000	2003 \$'000
Training and education income	115,659	159,229
Franchise operations and service income	16,700	21,268
Management fee	-	3,450
Rental income	1,736	1,424
	<u>134,095</u>	<u>185,371</u>

23. OTHER INCOME

	2004 \$'000	Group 2003 \$'000
Grant income recognised	-	80

24. STAFF COSTS

Staff costs*		
- wages, bonuses and other costs	53,008	61,098
- staff provident fund	4,305	3,858
- termination benefits	-	718
	<u>57,313</u>	<u>65,674</u>

* This includes the amount shown as directors' remuneration in Note 25.

25. (LOSS) / PROFIT FROM OPERATIONS

This is determined after charging / (crediting) the following:

Amortisation of intangible assets	835	1,265
Impairment of intangible assets	595	-
Amortisation of goodwill on consolidation	679	194
Goodwill on consolidation written off	4,900	-
Auditors' remuneration		
- Auditors of the Company		
- current year	176	186
- Other auditors		
- current year	346	462
- over provision in respect of prior year	-	(1)
- Non-audit fees paid to auditors of the Company	142	83
Bad debts written off		
- trade	11,755	1,064
Loss on disposal of fixed assets	47	16
Depreciation of fixed assets	9,018	10,624
Directors' remuneration		
- directors of the Company	1,050	1,082
- directors of subsidiary companies	1,177	1,070
Directors' fees	281	185
Directors' profit-sharing	-	101
Foreign exchange loss, net	2,012	96
Provision for doubtful debts		
- trade	16,480	3,872
- non-trade	1,213	-
Provision for stock obsolescence	-	83
Loss on disposal of subsidiary companies	-	559
Operating lease expenses	<u>13,257</u>	<u>14,340</u>

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

[In Singapore dollars]

26. INTEREST EXPENSE/INCOME

	2004 \$'000	Group 2003 \$'000
Interest expense		
- bank term loans and overdraft	580	289
- hire purchase	-	16
- others	-	41
	<u>580</u>	<u>346</u>
Interest income		
- fixed deposits	49	304
- bank interest	82	58
	<u>131</u>	<u>362</u>

27. EXCEPTIONAL ITEM

The exceptional item of \$3,567,000 relates to a net gain on closure of a subsidiary company in United Kingdom.

28. TAXATION

Major components of income tax expense for the year ended 31 March 2004 were:

Current tax		
- current year	2,338	2,331
- under/(over) provision in respect of prior year	67	(674)
Deferred tax		
- current year	(101)	(1,195)
- over provision in respect of prior year	(1,129)	-
Foreign tax	649	868
	<u>1,824</u>	<u>1,330</u>
Share of tax of associated companies	10	17
	<u>1,834</u>	<u>1,347</u>

The reconciliation of the tax expense and the product of accounting (loss)/profit multiplied by the applicable tax rates is as follows:

(Loss)/profit before taxation	(42,125)	7,268
Tax at the applicable tax rate of 20% (2003: 22%)	(8,425)	1,599
Tax effects of :		
- different tax rates in other countries	(4,174)	(1,282)
- income not subject to tax	(6,213)	(5,270)
- expenses not deductible for tax purposes	15,545	2,254
- deferred tax assets not recognised	4,397	3,943
- Under/(over) provision in respect of prior year	67	(674)
- Foreign tax	649	868
- Others	(12)	(91)
Tax expense	<u>1,834</u>	<u>1,347</u>

28. TAXATION (CONT'D)

The Group

The Group has deductible temporary differences and unutilised tax losses of \$1,203,000 and \$6,925,000, respectively (2003: \$1,281,000 and \$32,587,000) for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these balances is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies in the Group operate.

29. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic earnings per share is based on:

	Group	
	2004 \$'000	2003 \$'000
(i) Net (loss)/profit for the year attributable to Members of the Company	(42,489)	12,232
	Number of shares	
	2004	2003
	'000	'000
(ii) Weighted average number of ordinary shares:		
At beginning of year	313,557	311,023
Issued during the year under the Informatics Group Share Option Scheme	34	1,840
	<u>313,591</u>	<u>312,863</u>

(b) Diluted earnings per share

When calculating diluted earnings per share, the weighted average number of ordinary shares is adjusted for the effect of all dilutive potential ordinary shares.

The average fair value of one ordinary share during the financial year was \$0.83 (2003: \$1.30). The weighted average number of ordinary shares adjusted for the unissued ordinary shares under the Informatics Group Share Option Scheme is as follows:

Weighted average number of ordinary shares in issue used in the calculation of basic earnings per share	313,591	312,863
Potential dilutive ordinary shares under share options	-	2,096
Weighted average number of shares in issue during the year	<u>313,591</u>	<u>314,959</u>

30. DIVIDENDS

	Group and Company	
	2004 \$'000	2003 \$'000
Final dividend of 0.50 cents (2003 : 0.50 cents) per ordinary share of \$0.05 each, less tax at 22% (2003 : 22%) in respect of the previous financial year	2,446	1,221
Interim dividend of 0.65 cents (2003 : 0.50 cents) per ordinary share of \$0.05 each, less tax at 22% (2003 : 22%) in respect of the current financial year	<u>1,590</u>	<u>1,223</u>
	<u>4,036</u>	<u>2,444</u>

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

(In Singapore dollars)

31. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the Group's consolidated cash flows statement comprise the following balance sheet amounts:

	Group	
	2004 \$'000	2003 \$'000
Cash and bank balances	24,517	21,225
Fixed deposits	1,406	4,744
Bank overdrafts	(350)	(8,210)
	<u>25,573</u>	<u>17,759</u>

32. RELATED PARTY INFORMATION

In addition to the related party information disclosed elsewhere in the financial statements, significant transactions with related parties, on terms agreed between the parties, were as follows:

Associated companies

Training and education income	577	735
Franchise operations and service Income	1,778	541

During the financial year, there were no interested person transactions as defined under Chapter 9 of the SGX-ST Listing Manual.

33. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent liabilities

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
(i) Secured guarantees issued to certain banks in respect of bank facilities granted to subsidiary companies	-	-	963	10,275
(ii) Secured guarantees issued to certain banks in respect of bank facilities granted to a related party	<u>10,191</u>	<u>8,379</u>	<u>10,191</u>	<u>8,379</u>
(iii) The Company has undertaken to provide continuing financial support to subsidiary companies that are in net shareholders' deficit positions to enable them to operate as going concerns at least through 12 months from the date of the Directors' Report.				
(iv) Legal suits amounting to RM6,997,000 (approximately \$3,098,000) have been filed against the Company by sub-franchisees for non-fulfilment of the terms of sub-franchise agreements by the Company. In the opinion of the Directors, which is supported by opinions received from the Company's legal advisor, the claims made are not substantiated, and accordingly no provision has been made in the financial statements in respect thereof.				

33. CONTINGENT LIABILITIES AND COMMITMENTS (CONT'D)

(b) Non-cancellable operating lease commitments

The Group has various operating lease agreements for equipment, offices and other facilities. Most leases contain renewable options. Some of the leases contain escalation clauses and provide for contingent rentals based on percentages of sales derived from assets held under operating leases. Lease terms do not contain restriction on the Group's activities concerning dividends, additional debt or further leasing.

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Not later than 1 year	6,003	7,983	222	222
1 year through 5 years	1,986	7,296	887	887
Later than 5 years	3,124	4,056	2,939	3,161
	<u>11,113</u>	<u>19,335</u>	<u>4,048</u>	<u>4,270</u>

(c) Capital commitments

Capital commitments not provided for in the financial statements as at 31 March are as follows :

Commitments in respect of IT system enhancement	<u>220</u>	<u>-</u>	<u>220</u>	<u>-</u>
---	------------	----------	------------	----------

34. SEGMENT INFORMATION

No segment information has been prepared for the financial year ended 31 March 2004.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

(In Singapore dollars)

34. SEGMENT INFORMATION (CONT'D)

(a) Analysis by business activities

	Higher Education \$'000	Informatics Corporate Learning \$'000	E-Learning \$'000	Young Learners Group \$'000	Others \$'000	Elimination \$'000	Group \$'000
2003							
Turnover	94,756	54,026	28,577	6,620	1,392	-	185,371
Operating profit/ (loss)	19,919	(17,430)	3,310	793	1,043	-	7,635
Interest expense							(346)
Interest income							362
Share of results of associated companies							(383)
Tax							(1,347)
Minority interests							6,311
Net profit							12,232
Assets	85,557	48,781	4,942	5,977	4,736	-	149,993
Investments in associated companies							4,811
Unallocated assets							2,448
Total assets							157,252
Liabilities	33,318	18,997	4,567	2,328	-	-	59,210
Unallocated liabilities							5,583
Total liabilities							64,793
Capital expenditure	5,094	2,904	77	356	-	-	8,431
Depreciation and amortisation	7,065	4,029	380	494	115	-	12,083
Other non-cash expenses	3,079	1,755	928	215	-	-	5,977

(b) Analysis by geographical segments

	Turnover 2003 \$'000	Assets 2003 \$'000	Capital Expenditure 2003 \$'000
Singapore	71,718	111,784	5,473
Asia Pacific	67,567	25,014	1,188
Europe	46,086	20,454	1,770
	<u>185,371</u>	<u>157,252</u>	<u>8,431</u>

35. SUBSEQUENT EVENTS

On 4 June 2004, the Company agreed with its principal bankers to undertake that the Company will effect payment of the remaining sums owing to the bankers upon the Company's receipt of the net proceeds from the private placement of 62,677,000 new ordinary shares of \$0.05 each in the capital of the Company to Chip Lian Investment Pte Ltd by 15 July 2004.

Subsequent to the year end, the Company has engaged professional advisors to assist in the ongoing investigation, and the fees payable to the advisors will be recorded in the next financial year ending 31 March 2005.

36. FINANCIAL INSTRUMENTS**Financial risk management objectives and policies**

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

It is the Group's policy to minimise exposure to interest rate fluctuations by obtaining minimal financing through bank borrowings and leasing arrangements.

Surplus funds are placed with reputable banks and financial institutions which generate interest income for the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2004

[In Singapore dollars]

36. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk

Funding is generally obtained from internal resources of the Group. In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the Management to finance the Group's operations and mitigate the effects of fluctuation in cash flows. In addition, Note 35 provides details on issue relevant to liquidity risk.

Foreign currency risk

The Group does not enter into derivative foreign exchange contracts to hedge its foreign currency risk. It is the Group's policy not to trade in derivative contracts.

The Group is primarily exposed to fluctuations of exchange rates in US dollars, Renminbi, Malaysian ringgit and British pound arising from cash flows from anticipated transactions. The Group reviews periodically monetary assets and liabilities held in currencies other than the Singapore dollars to ensure that net exposure is kept at an acceptable level.

Credit risk

The carrying amount of cash and cash equivalents, trade debtors and other debtors represent the Group's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

Exposure to credit risk is monitored on an ongoing basis and credit evaluations are performed on all customers requiring credit over a certain amount.

Fair value

As at 31 March 2004, the fair values of financial assets and liabilities which do not approximate their carrying values are presented as follows:

	Carrying amount \$'000	Group	Estimated fair value \$'000
(i) Trade debtors, non current	1,642		1,520
(ii) Bank term loans	1,177		817

The fair value of trade debtors and bank term loans with maturity exceeding one year is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

Other financial assets and liabilities comprise cash and bank balances, trade and other debtors, creditors, bank term loans and amount due from minority shareholder of a subsidiary company and loans and balances due to or from associated and subsidiary companies which have relatively short term maturities. The book values of these financial instruments approximate their fair values.

It is not practical to determine the fair value of long term unquoted investments and non-trade balances due to subsidiary companies because of the lack of quoted market prices and the timing of the expected cash flows of these instruments cannot be reasonably determined.

PORTFOLIO OF PROPERTIES

INFORMATICS HOLDINGS LTD

Informatics Building 5, International Business Park Singapore 609914	4,665 sq m	Corporate headquarters	Lease 01/06/1992 to 30/06/2022
1, Sophia Road #02-05 Peace Centre Singapore 228149	70 sq m	Shop space for rental	Lease 02/06/1970 to 01/06/2069
1, Sophia Road #03-40 Peace Centre Singapore 228149	327 sq m	Shop space for rent	Lease 02/06/1970 to 01/06/2069
32 Adis Road #01-42 Sophia Court Singapore 229978	124 sq m	Apartment for rental	Freehold
1, Sophia Road #02-16 Peace Centre Singapore 228149	64 sq m	Shop space for rental	Lease 02/06/1970 to 01/06/2069
Blk 258 #01-46 Bt Panjang Ring Road Singapore 670258	139 sq m	Shop space for rental	Lease 01/12/1989 to 30/11/2088
Blk 965 #01-211 Jurong West Street 93 Singapore 640965	63 sq m	Shop space for rental	Lease 01/01/1991 to 31/12/2089
Blk 846 #01-3631 Yishun Ring Road Singapore 760846	136 sq m	Shop space for rental	Lease 01/01/1991 to 31/12/2089
Blk 846 #01-3633 Yishun Ring Road Singapore 760846	136 sq m	Shop space for rental	Lease 01/01/1991 to 31/12/2089
Pte Lot C-230 Kelurahan 1, Pk 1.4/1.5 Batam Centre Indonesia	144 sq m	Staff recreation	Lease 19/06/1989 to 18/06/2018

INFORMATICS CHILDREN EDUCATION PTE LTD

1 Jalan Anak Bukit #B1-52 Bukit Timah Plaza Singapore 588996	139 sq m	Shop space for rental	Lease 30/08/1976 to 29/08/2075
--	----------	-----------------------	-----------------------------------

INFORMATICS COMPUTER CENTRE SDN BHD

491 Plaza Melaka Jalan Hang Tuah 75300 Melaka, Malaysia	715 sq m	3 1/2 storey shop lot for rental and for computer training centre	Freehold
---	----------	---	----------

PORTFOLIO OF PROPERTIES

INFORMATICS RESOURCE CORPORATION SDN BHD

216 Jalan Negara 2 Phase 4 Town Centre Taman Melawati, Kuala Lumpur Malaysia	416 sq m	4-storey for rental office	Freehold
443 & 444 Jalan Tun Dr Ismail 70200 Seremban, Negeri Sembilan, Malaysia	882 sq m	2 units of 3-storey shophouses for office- cum-operator training school	Lease 19/04/1989 to 18/04/2088
131 Taman Pekan Baru SP Bandar Sungai Petani Daerah Kuala Muda, Kedah Malaysia	455 sq m	3 1/2 storey shophouse for office-cum-computer training school	Lease 1992 to 2019
36A & B, Jalan SS15/4 Subang Jaya, Selangor Malaysia	497 sq m	3-storey shophouses for office-cum-computer training school	Freehold
84 Jalan Sultan Idris Shah Ipoh, Perak Malaysia	650 sq m	4-storey shophouse for office-cum-computer training school	Freehold

LAMBANG SAGA SDN BHD

114 & 114A Jalan Bendahara 75100 Melaka Malaysia	1,579 sq m	Hotel-cum-catering school	Freehold
Lot No 459, Bandar XX1 Daerah Melaka Tengah Melaka, Malaysia	803 sq m	Land	Freehold
No.116 Jalan Bendahara 75100 Melaka Malaysia	163 sq m	Hotel-cum-catering school	Freehold

FUTUREKIDS SDN BHD

Lot 1094 SEC16, Lorong Abu Siti Georgetown, NED, Penang Malaysia	524 sq m	11-storey office-cum- computer training school	Freehold
--	----------	---	----------

SHAREHOLDINGS STATISTICS AS AT 8 JULY 2004

AUTHORISED SHARE CAPITAL	:	S\$20,000,000
ISSUED AND FULLY PAID CAPITAL	:	S\$15,680,000
CLASS OF SHARES	:	ORDINARY SHARES OF S\$0.05 EACH
VOTING RIGHTS	:	ONE VOTE PER SHARE

ANALYSIS OF SHAREHOLDINGS

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	6	0.17	985	0.00
1,000 - 10,000	2,529	73.35	12,250,764	3.91
10,001 - 1,000,000	899	26.07	34,119,173	10.88
1,000,001 AND ABOVE	14	0.41	267,229,078	85.21
	3,448	100.00	313,600,000	100.00

MAJOR SHAREHOLDERS LIST - TOP 20 AS AT 8 JULY 2004

No.	Name	No. Of Shares Held	%
1	G K GOH STOCKBROKERS PTE LTD	89,012,150	28.38
2	WONG TAI	72,655,304	23.17
3	CHIP LIAN INVESTMENTS PTE LTD	26,009,000	8.29
4	CHEAH HON KUEN	21,174,093	6.75
5	MERRILL LYNCH (S'PORE) PTE LTD	12,279,200	3.92
6	ONG BOON KHENG	11,168,952	3.56
7	RAFFLES NOMINEES PTE LTD	10,507,000	3.35
8	MANNA INVESTMENTS PTE LTD	5,000,000	1.59
9	DBS NOMINEES PTE LTD	4,925,379	1.57
10	UNITED OVERSEAS BANK NOMINEES PTE LTD	3,728,000	1.19
11	HSBC (SINGAPORE) NOMINEES PTE LTD	3,684,000	1.18
12	THE ASIA LIFE ASSURANCE SOCIETY LTD - SINGAPORE LIFE FUND	2,927,000	0.93
13	OVERSEA-CHINESE BANK NOMINEES PTE LTD	2,659,000	0.85
14	TNG KIM BOCK	1,500,000	0.48
15	LEAP INTERNATIONAL PTE LTD	1,000,000	0.32
16	CHONG YEO HOCK DAVE	990,000	0.32
17	LEE SHIU	848,000	0.27
18	LIM & TAN SECURITIES PTE LTD	793,000	0.25
19	CITIBANK NOMINEES SINGAPORE PTE LTD	788,493	0.25
20	HL BANK NOMINEES (S) PTE LTD	501,280	0.16
		272,149,851	86.78

SHAREHOLDINGS STATISTICS AS AT 8 JULY 2004

SUBSTANTIAL SHAREHOLDERS AS AT 8 JULY 2004 (AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

<u>Name</u>	<u>Direct Interest</u>	<u>Deemed Interest</u>
BERJAYA LEISURE CAPITAL (CAYMAN) LIMITED	82,427,000	-
BERJAYA LAND BERHAD	-	82,427,000#
TERAS MEWAH SDN. BHD.	-	82,427,000#
BERJAYA GROUP BERHAD	-	90,108,000##
TAN SRI DATO' SERI VINCENT TAN CHEE YIOUN	-	90,108,000##
WONG TAI	72,655,304	-
CHEAH HON KUEN	31,174,093	-
CHIP LIAN INVESTMENTS PTE LTD	26,009,000	-
CHIP LIAN PRIVATE LIMITED	-	26,009,000*
OEI HONG LEONG	-	26,009,000*
ONG BOON KHENG	12,268,952	5,000,000**

#Deemed to be interested in the shares held by Berjaya Leisure Capital (Cayman) Limited by virtue of Section 7 of the Companies Act, Cap 50.

##Deemed to be interested in the shares held by Berjaya Leisure Capital (Cayman) Limited and Berjaya General Insurance Berhad by virtue of Section 7 of the Companies Act, Cap 50.

* Deemed to be interested in the shares held by Chip Lian Investments Pte Ltd by virtue of Section 7 of the Companies Act, Cap 50.

** Deemed to be interested in the shares held by Manna Investments Pte Ltd by virtue of Section 7 of the Companies Act, Cap 50.

SHAREHOLDINGS IN THE HANDS OF PUBLIC AS AT 8 JULY 2004

THE PERCENTAGE OF SHAREHOLDINGS HELD IN THE HANDS OF THE PUBLIC WAS APPROXIMATELY 24.2% AND HENCE THE COMPANY HAS COMPLIED WITH RULE 723 OF THE LISTING MANUAL WHICH STATES THAT AN ISSUER MUST ENSURE THAT AT LEAST 10% OF ITS LISTED SECURITIES IS AT ALL TIMES HELD BY THE PUBLIC.