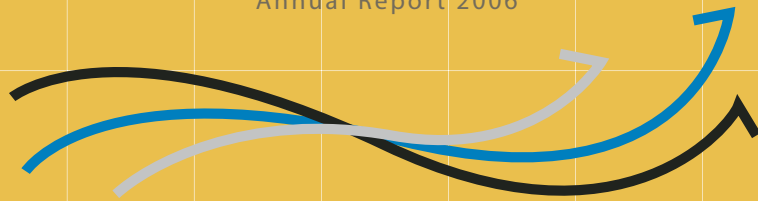


learning redefined

Annual Report 2006





learning redefined

Quality accredited education. Anytime. Everywhere.

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OUR VISION

To be a Global Leader in Providing Quality Lifelong Learning Services.

OUR MISSION

By Achieving Operational, Service and Academic Excellence,
We want to Exceed Customers' Expectations.

CORE VALUES

TOTAL CUSTOMER SATISFACTION

We focus to understand our Customers and strive to deliver with speed and 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 realise 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 maximise 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 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 ensure lasting and rewarding careers for our people.

Our Milestones

A review of our achievements and major initiatives in the year 2005 and 2006 that will sustain and enhance Informatics' leadership in the education sector in the years ahead.



HIGHLIGHTS OF THE YEAR

2006

MARCH

- Informatics sponsored Cerebration, a Masters level business competition organized by the National University of Singapore (NUS) Business School. The winning team selected Informatics case as their case study and developed a feasible business plan for promoting Informatics' Capstone Flexi-Learning programmes in overseas markets.
- Informatics appointed two senior executives, Mr Val Philip Ortega and Ms Cecilia Tong Chiu Fai, as Executive Directors to its Board. Mr Ortega was also appointed the Acting Chief Executive Officer of the Group.
- Informatics appointed distinguished academic, Professor Chew Soon Beng, as an Independent Director, and Vice President of Informatics Group Malaysia, Mr Wong Wee Woon, as an Executive Director on the Board of Informatics.
- Informatics selected by Oman government for their scholars, who are being transferred from Nanyang and Singapore Polytechnics, to complete their studies in Advanced Diploma in Info-Comm Technology.

FEBRUARY

- Panamanian Education Minister, the Honorable H.E. Miguel A. Canizalez visited Informatics' new campus. The Minister's visit was organized by International Enterprise Singapore (IE Singapore) to show the Minister the strength of Singapore's Private Education Organisations (PEOs), with Informatics being the premier PEO here.

JANUARY

- Informatics' rights issue 1.68 times subscribed. The rights issue raised net proceeds of some S\$18.9 million, before the exercise of the warrants and after deducting estimated issue expenses of about S\$0.7 million.

2005

NOVEMBER

- Shareholders approved Informatics' Rights Issue at an Extraordinary General Meeting.
- A group of Informatics' staff were awarded the national Excellent Service Award (EXSA) 2005 by SPRING Singapore in recognition of their outstanding services. This is the second consecutive year Informatics' staff had won this accolade and the company is the only Private Education Organisation with this honour.

OCTOBER

- Informatics' new campus at Science Centre Road officially opened by Guest-of-Honour Professor Tommy Koh, Ambassador-At-Large, Ministry of Foreign Affairs and also Chairman of the Institute of Policy Studies. The new campus has an area of 600,000 square feet and can accommodate up to 15,000 students.
- Informatics received in-principle approval from the Singapore Exchange Securities Trading Limited (SGX-ST) for the listing and quotation of the Group's Rights Shares, Warrants and New Shares on the Official List of the SGX-ST.
- Informatics signed a Memorandum of Understanding with the world's leading language training provider, the Linguaphone Group. The Informatics-Linguaphone strategic alliance aims at realising the clear synergies between computer training and English language teaching.
- Informatics signed a Memorandum of Understanding on educational cooperation with South Korea's Chang Shin College, under which the two parties will exchange students, faculty members, academic materials and other information. Both parties will undertake joint research activities and exchanges of an academic nature that are agreed upon by both parties.
- Informatics signed a Memorandum of Understanding with the International Brand Federation (IBF), a Brand Research Center under China's Peking University, as a commitment to explore and exchange intellectual ideas and collaboration in projects that would bring mutual benefits. The IBF will be assisting Informatics in the development of courses on brand development and research.
- Informatics jointly organised with EC-Council and Singapore Computer Society the Hacker Halted 2005 Conference in Singapore, a high-powered vendor-neutral cyber security conference attended by overseas delegates from various professional backgrounds, including Chief Information Officers, Chief Technology Officers, other IT professionals, senior managers, and banking, legal and auditing professionals.

SEPTEMBER

- Informatics won the Golden Brand Award, in recognition of the company's success in building a strong brand name. The Golden Brand Award for the Education sector is a competition run by the organisers of the International Brand Summit 2005, an event held in conjunction with the mega event, Global Entrepolis@Singapore, jointly presented by the Singapore Economic Development Board (EDB) and the Singapore Business Federation.
- Informatics became the first Private Education Organisation (PEO) in Singapore to provide training for 115 government scholars from Nigeria's Jigawa State. The students will be trained in Information Communication and Technology (ICT) and will obtain Diploma in Information Technology, as part of a 3-year programme leading to a degree.

AUGUST

- Informatics provided a smooth transition for AIT Academy students to Informatics, when AIT Academy closed down, so that these students can continue to be assured of the standard of the qualification that they had expected when they first enrolled for their courses in Singapore.

JULY

- Wholly owned subsidiaries of the Informatics Group – Informatics Computer School, Thames Business School and Thames Language School – qualified for CaseTrust in Education, a scheme run by the Consumer Association of Singapore to certify companies that have the necessary foundation for good quality student welfare practices and standards.

CHAIRMAN'S STATEMENT

GREAT STRIDES ON THE ROAD TO RECOVERY

FY2006 marks a year when Informatics successfully grappled with the challenge of stemming the tide of red ink in its operations and achieving a significant measure of stability. The great strides we made in the housecleaning of our operations enabled us to slash our FY2006 net loss by 68% to \$22.8 million dollars. With that, we now have a better grip on the business, enabling us to be well poised for growth.

The resolute restructuring, rationalisation and consolidation had led to greater efficiency in our operations, saving us \$11.4 million or 27% on staff costs and \$37.8 million or 45% on other operating expenses in FY2006.

The huge cost savings from the smooth implementation of our restructuring measures more than made up for the impact of the 24% or \$17.7 million fall in Group revenue to \$57.0 million from \$74.7 million in the previous year. The revenue drop was due mainly to the de-consolidation of Cornerstone, a subsidiary disposed on 22 March 2005 and which recorded \$14.7 million in revenue in the previous financial year.

A revenue decline of \$3.9 million was recorded in our Malaysian operations, as we took the decisive step to downsize those parts of the operations that are unprofitable. Some of the revenue decreases were offset by revenue growth in the school operations in Singapore and Hong Kong, as well as in the validating and awarding operations in the United Kingdom.

We also made great strides in improving our accounting practices. During the year, our course fee revenue recognition practice was further tightened up. As a result, fees received in advance or course fee revenue deferred to future periods increased by \$6.0 million or 49% to \$18.2 million.

Excluding the deferred course fee revenue, our balance sheet would have shown an improvement in net asset position of \$2.4 million to \$3.5 million as at 31 March 2006 from \$1.1 million as at 31 March 2005. This was due mainly to the increase in issued and paid-up capital via a rights issue that raised \$19.6 million gross proceeds during the year.

Overall, the Group's operations in Singapore and Malaysia have stabilised and continued to improve. Our operations in Hong Kong and the UK recorded the best results in terms of both revenue and profit for the last five years. We have successfully maintained our strong fundamentals across-the-board, even though the educational sector remains challenging.

Informatics continued to come through with flying colours, in terms of the excellence of its services. We won the Golden Brand Award, jointly presented by the Singapore Economic Development Board (EDB) and the Singapore Business Federation, in recognition of the company's success in building a strong brand name.

In addition, we attained the CaseTrust for Education, a scheme run by the Consumer Association of Singapore to certify companies that have the necessary foundation for good quality student welfare practices and standards. And a group of our staff were awarded the national Excellent Service Award (EXSA) 2005 by SPRING Singapore in recognition of their outstanding services. This was the second consecutive year Informatics staff had won and the company is the only Private Education Organisation to hold this honour.

In FY2006, we officially opened our new campus at Science Centre Road in Singapore, with Professor Tommy Koh, Ambassador-At-Large, Ministry of Foreign Affairs, and also Chairman of the Institute of Policy Studies, as the Guest-of-Honour. Already, the first batch of 115 Nigerian students on scholarships from their own government has started their studies at our campus in Singapore. Together with a number of Omani students, these Nigerian students make Informatics the private education organisation in Singapore that has the most number of international government scholars.

At the same time, we are doubling our effort to attract even more foreign students to our Singapore campus, we have also expanded our network of strategic global alliances by signing three new Memoranda of Understanding with the Linguaphone Group, South Korea's Chang Shin College and Peking University's International Brand Federation. With the latest link-ups, we now have strategic partnerships and alliances with more than 22 renowned universities and educational institutions worldwide.

THE ROAD AHEAD

In the new financial year, the market will remain very competitive especially since the education industry has become increasingly cross-border and globalised, as well as more regulated. However, we see these trends as in fact playing to Informatics' strengths. Our established global presence puts us in good stead to ride the globalisation trend. At the same time, since we have been constantly honing our operational standards, we are well positioned to meet any greater regulatory controls in any of our markets. An increasingly cross-border and globalised education industry means enhanced growth potential for the industry, and that spells greater growth opportunities for Informatics as well.

Going forward, we will continue to focus our effort on revenue growth through product development, new market penetration and strategic partnerships. These initiatives towards greater market responsiveness will be complemented with unrelenting effort at improving the efficiency of our financial and operational management control systems. Underpinning these efforts will be the Group's strict adherence to best practices in corporate and academic governance.

In terms of program development, we will in particular customise programs to better meet the different needs and regulatory requirements in different regional markets. The different regional regulatory requirements will serve as key benchmarks for our academic standards and governance.

To pursue our strategies for the new financial year and to strengthen our financial position, we may consider raising fresh capital at an appropriate time. In all, with the above-mentioned measures clicking into place, we are confident of turning around in good time.

APPRECIATION

This Chairman's Statement provides a precious occasion for us to thank all our stalwart stakeholders for sticking with us through thick and thin.

In particular, my sincere appreciation to our independent directors for continuing to shoulder the daunting task of dedicating their time, effort, expertise and experience to helping turn our Company around.

We would like to express our appreciation to Dr Michael Teng Yeow Heng, Professor Neo Boon Siong and Dr Wong Tai for their contributions while they were Directors of our Board. We welcomed onto our Board Professor Chew Soon Beng as an Independent Director, as well as Mr Val Philip Ortega, Mr Wong Wee Woon and Ms Cecilia Tong Chew Fai as Executive Directors.

We thank our bankers, business partners and associates for their unswerving support, and we are grateful to our shareholders for standing solidly by us.

As for our corporate customers and students, the fact that they continue to enthusiastically enroll in our courses is a clear endorsement of the high standards of our courses, and this has kept us going through all the trials and tribulations.

Behind our outstanding service, which has won numerous awards, are our dedicated and hardworking staff. Their unswerving commitment and confidence in the Company's future has seen us through many challenges. For that, I would like to express my heartfelt appreciation.

With all our stakeholders united in their determination to see better days for the Company, the Board and Management are confident of improved performance and greater shareholder value ahead.

**Tan Sri Dato' Seri
Vincent Tan Chee Yioun**
*Chairman
Informatics Holdings Ltd*



OPERATIONS REVIEW

FINANCIAL YEAR 2006 – 1 APRIL 2005 TO 31 MARCH 2006

The efforts Informatics put into restructuring, rationalizing and consolidating its operations bore substantial fruits in Financial Year 2006. The Group slashed its net loss attributable to shareholders by \$48.4 million or 68% to \$22.8 million from \$71.2 million in the previous financial year. The reduction was due mainly to \$11.4 million or 27% savings in staff cost and a \$37.8 million or 45% reduction in other operating expenses.

Group revenue registered a decrease of \$17.7 million or 24% to \$57.0 million as compared with \$74.7 million in the previous year. The de-consolidation of Cornerstone, a subsidiary disposed on 22 March 2005, took away \$14.7 million in revenue recorded in the prior year. Malaysian operations showed a drop of \$3.9 million due to consolidation of operations and tightening of revenue recognition practice. However, the decreases were offset by revenue growths in our school operations in Singapore and Hong Kong, as well as in our validating and awarding operations in the UK.

Fixed assets were reduced by \$9.7 million or 60% to \$6.5 million, due to \$3.2 million in depreciation for the year, \$1.1 million in impairment loss and \$7.1 million in disposal of assets, including properties, offset by purchase of \$2.2 million in new fixed assets for expansion and improvement of facilities in Hong Kong and Singapore.

Associated companies were reduced by \$0.7 million or 85% to \$0.1 million during the year, due to \$0.3 million in share of losses, \$0.3 million in disposal of an associate and \$0.2 million in impairment loss. Intangible assets were reduced by \$1.1 million to \$0.03 million, due mainly to the disposal of the business of ATS (Automatic Testing Software) in 3rd quarter.

Trade and other receivables decreased by \$7.7 million to \$11.0 million compared to \$18.7 million in the last financial year-end. This is mainly due to provisions made/write-off of franchise debtors, collections received and the disposal of the ATS business, and \$4.8 million provision made for the joint venture in China during the year.

Fees received in advance increased by \$6.0 million or 49% to \$18.2 million from \$12.2 million in the last financial year end and this was mainly due to the further tightening of revenue recognition practice during the year.

Trade and other payables decreased by \$8.3 million to \$31.2 million from \$39.5 million in the last financial year-end, primarily as a result of timely payments made for university fees during the year, and a \$3.3 million loan from a director of the Company was fully settled in January 2006 via proceeds from a Rights Issue.

Interest bearing loans (current and non-current) fell by \$3.2 million to \$0.8 million due to loan settlement with proceeds from sale of properties.

Reduction in Costs and Operational Losses

Other operating expenses fell by \$37.8 million, or 45%, to \$47.0 million from \$84.8 million in the previous financial year. The reduction was mainly due to the following:

- \$7.0 million one-time provision adjustment in Singapore and Malaysia business units in the previous year.
- \$2.6 million in goodwill written off in the previous year.
- \$6.2 million reduction in advertisement and promotion costs, and rental and facility costs, due to closure/consolidation of centres in Singapore and Malaysia.

- \$12.9 million cut in provision/write-off of debts for third parties and for the joint venture in China.
- \$2.7 million drop in impairment loss on investments.
- \$6.8 million reduction in other operating costs due to disposal of subsidiary Cornerstone on 22 March 2005.

The exceptional item was related to an educational investment in the US, the Group had a \$770,000 net gain on disposal of property, land and assets in FY2006. In contrast in FY2005, the Group incurred a \$15.8 million impairment loss and provision for guarantees provided for a US investment, offset by a \$5.4 million net gain on disposal of subsidiaries and businesses. In FY2005, the Group also incurred \$2.0 million in professional fees to address the mis-statement of quarterly results in FY2004.

Segmental and Geographical Business Analyses

Higher Education revenue decreased 3% to \$44.1 million compared with \$45.6 million in the prior year. This was mainly due to the tightening of our revenue recognition policies. As a result of consolidating our school operations in Singapore and Malaysia, as well as lower provision and write-off of doubtful debts, losses from Higher Education was slashed by \$35.7 million or 63% to \$21.0 million from \$56.7 million in the previous year.

Corporate Learning revenue recorded a \$13.0 million or 61% decrease to \$8.2 million from \$21.2 million last year. This was due mainly to the disposal of our Swedish operation, which accounted for \$14.7 million of revenue in the previous year. However, the decrease was mitigated by improvements shown by the Hong Kong and Malaysian operations.

E-learning registered a drop of 30% in revenue due to the poor performance in the Singapore and Malaysian markets.

The Others business segment showed a \$1.3 million fall in revenue to \$0.6 million from \$1.9 million in the prior year. Rental income dropped by \$1.0 million following the disposal of properties, while the disposal of the Young Learners business last year resulted in a \$0.3 million revenue drop. Last year's \$4.0 million losses by the Others business segment came mainly from the Young Learners business operations.

In terms of geographical segments, our Singapore operations registered lower revenue of \$16.9 million compared to \$19.0 million last year, due mainly to the poorer performance of our e-Learning business. However, our campus operations showed improvement, despite the further tightening of revenue recognition practice during the year.

Due to the slowdown in franchising activities and poor performance in Malaysia, Asia Pacific saw a revenue decline of 4% from \$26.1 million to \$25.0 million. Revenue from Europe dropped by \$14.4 million or 49% to \$15.1 million, following the disposal of our Swedish operations.

Rights Issue

The Group's balance sheet reflected an increase in the net liability position of \$14.8 million as at 31 March 2006, against a net liability of \$11.1 million as at 31 March 2005. However, excluding the deferred course fee revenue, our balance sheet would have shown an improvement in net asset position of \$2.4 million to \$3.5 million as at 31 March 2006 from \$1.1 million as of 31 March 2005. This was due mainly to the increase in issued and paid-up capital via a rights issue which raised \$19.6 million gross proceeds during the year.

The Group issued 392 million new Rights Shares of S\$0.05 par value each at an issue price of S\$0.05 each with 195,999,994 free detachable warrants (Warrants 2005). Each warrant carries the right to subscribe for one new ordinary share of par value S\$0.05 each at an exercise price of S\$0.05 for each new share, on the basis of 2 rights shares with 1 free warrant for every 2 existing shares held. The warrants are exercisable within 5 years from the date of issue of warrants on 12 January 2006 and expire on 8 January 2011. As 168 warrants were being exercised during the year, the outstanding balance is 195,999,826 for Warrants 2005 and 784,000,168 ordinary shares as at end of the year.

New Courses

While we are doubling our effort to attract even more foreign students to our new campus, we are also expanding our network of strategic global alliances with three new tie-ups. With the latest link-ups, we now have strategic partnerships and alliances with more than 22 renowned universities and educational institutions worldwide.

The first tie-up is a Memorandum of Understanding with the world's leading language training provider, the Linguaphone Group. The Informatics-Linguaphone strategic alliance aims to realise the clear synergies between computer training and English language teaching. London-based Linguaphone will as a result be able to respond to demand for information technology from its global network of Linguaphone and direct English Licensees. Informatics students interested in taking English courses will be able to get assistance from

Linguaphone. Similarly, Linguaphone's students who are interested in courses related to Information Technology can come to Informatics. For Informatics, the strategic alliance means that we can now extend our range of services to include English language training.

A second Memorandum of Understanding covers educational cooperation between Informatics and South Korea's Chang Shin College, under which the two parties will exchange students, faculty members, academic materials and other information. Both parties will undertake joint research activities and exchanges of an academic nature that are agreed upon by both parties. Chang Shin College is a private Christian college located in Masan City, South Gyeongsang province, near the southern coast of South Korea.

Informatics' third new collaboration is with the International Brand Federation (IBF), a Brand Research Center under China's Peking University. The MOU signed by both parties signifies their commitment to exploring and exchanging intellectual ideas and also collaboration in projects that would bring mutual benefits. The IBF will be assisting Informatics in the development of courses on brand development and research for China.

The MOU between Informatics and the IBF aims to create greater awareness of the importance of branding among companies. It will also provide learning opportunities for companies on how to boost their competitiveness through branding. Informatics will, together with IBF, be able to create a learning platform for entrepreneurs who want to learn more about branding.

Quality Excellence

Informatics continued to come through with flying colours for the excellence of its services. We won the Golden Brand Award, in recognition of the company's success in building a strong brand name. The Golden Brand Award for the Education sector is a competition run by the organisers of the International Brand Summit 2005, an event held in conjunction with the mega event, Global Entrepolis@Singapore, jointly presented by the Singapore Economic Development Board (EDB) and the Singapore Business Federation.

In addition, we attained the CaseTrust for Education, a scheme run by the Consumer Association of Singapore to certify companies that have the necessary foundation for good quality student welfare practices and standards. And a group of our staff were awarded the national Excellent Service Award (EXSA) 2005 by SPRING Singapore in recognition of their outstanding services. This was the second consecutive year Informatics staff had won and the company is the only private education organization to hold this honour.

Strategy Going Forward

The education sector, in which the Group operates, will continue to be challenging. The Group showed an improvement in cost control and operational efficiency during the year. Going forward, the Group will continue to focus its effort on revenue growth through product development, new market penetration and strategic partnerships. These initiatives will be complemented with improvements in financial and operational management control system. Underpinning these efforts will be the Group's strict adherence to best practices in corporate and academic governance. To pursue these strategies and strengthen its financial position, the Group may consider raising fresh capital at an appropriate time.

BOARD OF DIRECTORS

	<p>Tan Sri Dato' Seri Vincent Tan Chee Yioun <i>Non-Executive Chairman</i></p>		<p>Dato' Mohd Annuar Bin Zaini <i>Non-Executive, Non-Independent Director</i></p>	
		<p>Mr Freddie Pang Hock Cheng <i>Non-Executive, Non-Independent Director</i></p>		<p>Mr Ung Gim Sei <i>Independent Director</i></p>
	<p>Mr Anderson Tang Siu Ki <i>Independent Director</i></p>		<p>Professor Chew Soon Beng <i>Independent Director</i></p>	
		<p>Mr Val Philip Ortega <i>Executive Director and Acting Chief Executive Officer</i></p>		<p>Mr Wong Wee Woon <i>Executive Director</i></p>
			<p>Ms Cecilia Tong Chiu Fai <i>Executive Director</i></p>	

Tan Sri Dato' Seri Vincent Tan Chee Yioun
Non-Executive Chairman

Tan Sri Dato' Seri Vincent Tan Chee Yioun is a businessman and entrepreneur with varied interests in property development, telecommunications, gaming, stock broking, manufacturing, trading, hospitality, internet-related businesses, utilities, media and insurance through various public and private companies, namely, the Berjaya Corporation Group of Companies, Intan Utilities Berhad, MOL.com Berhad, Nexnews Berhad, Matrix International Berhad and MiTV Corporation Sdn Bhd.

He is currently the Chairman and CEO of Berjaya Corporation Berhad, Chief Executive Officer of Berjaya Sports Toto Berhad and Managing Director of Sports Toto Malaysia Sdn Bhd. He is also the Chairman of Dunham-Bush (Malaysia) Bhd, Nexnews Berhad, Berjaya Times Square Sdn Bhd, Convenience Shopping Sdn Bhd, the owner of the 7-Eleven franchise in Malaysia, and MiTV Networks Sdn Bhd, a new 3G mobile phone operator in Malaysia.

Tan Sri Dato' Seri Vincent Tan also holds directorships in Berjaya Group Berhad, Berjaya Vacation Club Berhad, Bukit Tinggi Resort Berhad, KDE Recreation Berhad, Berjaya Golf Resort Berhad, Bukit Kiara Resort Berhad as well as several other private limited companies.

Dato' Mohd Annuar Bin Zaini
Non-Executive, Non-independent Director

Dato' Mohd Annuar Bin Zaini holds a Bachelor of Economics from University Kebangsaan Malaysia and obtained his Master of Arts degree in Law and Diplomacy from the Fletcher School of Law and Diplomacy, Tufts University, United States of America.

He began his career in the Government service in 1977. He served the Malaysian Government at various ministries and departments, and was the Senior Private Secretary to the Minister of Home Affairs from 1981 to 1986. He became the Principal Assistant Director of the Perak State Economic Planning Unit from 1991 to 1993. He was then appointed the General Manager of Yayasan Perak from 1993 to 1999. He is currently the Chairman of Malaysian National News Agency (BERNAMA) and AWC Facility Solutions Berhad. He is a Director of Berjaya Corporation Berhad, Berjaya Group Berhad, Linkedua (Malaysia) Berhad, Malaysian Airline System Berhad and Berjaya Vacation Club Berhad. He also holds directorships in several other private limited companies.

Mr Freddie Pang Hock Cheng
Non-Executive, Non-independent Director

Mr Freddie Pang Hock Cheng began his career with a predecessor firm of Messrs Ernst & Young where he worked for seven years until 1982, during which he qualified for entry as a member of the Malaysian Institute of Certified Public Accountants. He is also a member of the Malaysian Institute of Accountants. In the same year, he joined the Corporate Advisory Department of Malaysian International Merchant Bankers Berhad where he was actively involved in a wide variety of corporate exercises in an advisory capacity until his departure in 1990 to join Berjaya Group Berhad.

He is currently the Chairman of Intan Utilities Berhad and an Executive Director of Berjaya Corporation Berhad and Berjaya Sports Toto Berhad. He is also a director of Nexnews Berhad, MOL.com Berhad, Dunham-Bush (Malaysia) Bhd, Berjaya Group Berhad, Berjaya Vacation Club Berhad and several other private limited companies.

Mr Ung Gim Sei
Independent Director

Mr Ung Gim Sei is a 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 in Economics from the National University of Singapore, and a Master in Law, from the City University of Hong Kong. He has also 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 also 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 and National Theatre Trust.

Mr Anderson Tang Siu Ki
Independent Director

Mr Anderson Tang Siu Ki is an Executive Consultant with business consultancy firm, CK Siow & Associates. Prior to this, he was Chief Financial Officer of the Singapore Exchange. He has over 20 years of finance and operations experience with various leading multinational banks and financial institutions, including inter alia as Regional Financial Controller of American Express Bank for Asia and the Subcontinent, Head of Finance & Operations of Lehman Brothers Singapore, Chief Operating Officer of BZW Pacific Union Pte Limited and Director of Operations of BZW Asia Limited. Mr Tang is a Chartered Accountant, graduating from McGill University in Canada. He also holds a Bachelor of Commerce degree, honours in accountancy with distinction, from Concordia University in Canada.

Professor Chew Soon Beng
Independent Director

Professor Chew Soon Beng is with the Nanyang Technological University (NTU). He is the Founding Director of the Asia Commerce and Economics Studies (ACES) Center in Nanyang Business School in 1993 for the training of top officials from China. He is also the Director of the Master of Science programme in Managerial Economics known as the Mayor programme, since its inception in 1998 at NTU for top Chinese officials. To date, more than 300 students have graduated from this one-year master's programme.

In 2004-05, Prof Chew was a consultant to the Omani Ministry of Higher Education, looking into the reform of Oman's higher education. Prof Chew received his Ph. D. in Economics from the University of Western Ontario, Canada, in 1979, after obtaining a Master of Social Science in Economics from the former University of Singapore in 1974 and a Bachelor of Commerce, First Class Honours, from the former Nanyang University in 1972.

Mr Wong Wee Woon
Executive Director

Mr Wong Wee Woon joined Informatics Group Malaysia in October 2004. He has a rich background in educational publishing, having been with educational publisher Longman Malaysia for 25 years from 1971 to 1996, where he rose from Regional Sales Executive to Managing Director. In 1997, he became Managing Director of Longman Singapore/Malaysia and the following year, he was Managing Director of Addison Wesley Longman Asia, after successfully integrating the companies in Asia belonging to the Longman and Addison Wesley stables.

In 1999, Mr Wong was named President of Pearson Education Asia when publishing giant Pearson acquired Prentice Hall and folded it into Addison Wesley Longman. From 2000 to 2002, he held the post of President, Pearson Education South Asia. Thereafter, he moved on to become a consultant with India's Bhagat Publications in 2003 and with a UK publishing house in 2004, before joining Informatics Group Malaysia that year.

Mr Val Philip Ortega
*Executive Director and
Acting Chief Executive Officer*

Mr Val Philip Ortega has been with Informatics for sixteen years in different senior management capacities, including Board appointments. He has extensive experience in the private education industry ranging from teaching and curriculum development to assessment and administration. Besides his current appointment as the Acting Chief Executive Officer of the company, he also holds the positions of Chief Operating Officer for the Singapore School Operation and Vice President, Academic Affairs of Informatics Group. As the Vice President for the Group's academic affairs, he acts as the guardian for the Group's academic standards. The job also entails the establishment of relationships with international examining bodies, universities and other institutions of higher learning worldwide. In addition to his academic role, he was appointed on 23 December 2005 as the COO of Singapore School Operation and manages the operations of the Informatics Campus in Singapore.

Besides several professional qualifications, Mr Ortega also holds a Master of Science Degree in International Marketing from University of Strathclyde in Glasgow (UK) and a Master of Education from RMIT University in Melbourne (Australia).

Ms Cecilia Tong Chiu Fai
Executive Director

Ms Cecilia Tong Chiu Fai graduated with a Bachelor of Business (Accounting) from Monash University in Melbourne, Australia, in 1992 and was admitted to the status of Certified Practising Accountant of CPA Australia in 1996. She gained auditing experience at Kwan Wong Tan & Fong BDO (now known as Deloitte Touche Tohmatsu) in Hong Kong from 1993 to 1995, before moving on to another auditing firm Coopers & Lybrand (now known as PricewaterhouseCoopers) in Singapore from 1996 to 1998. From 1998 to 2001, she assumed the position of Controller of the Singapore subsidiary of Illinois Tool Works (a US Fortune 200 company).

She joined the Group as Financial Controller of Informatics Holdings Ltd in July 2001. In September 2005, she was promoted and appointed as the Executive Officer for the Group's finance and corporate functions and board member in a number of subsidiary companies of the Group.

KEY MANAGEMENT

Our Management Defined.



1. Mr Lawrence Wee Thian Kiong
*Vice President
Global Higher Education*

2. Mr Lim Wee Kee
*Vice President
Global Professional
Skills Development*

3. Ms Cecilia Tong Chiu Fai
Chief Financial Officer

4. Mr Val Philip Ortega
*Acting Chief Executive Officer
Chief Operating Officer
Vice President of Academic Affairs*

5. Mr Edwin Lim
*Executive Director
Recruitment & Marketing
Singapore School Operation*

6. Mr Breyvan Tan Kiah Tong
*Executive Director
Recruitment
Singapore School Operation*

7. Mr Alan Phua Poh Kuay
*Executive Director
Global Higher Education
& Academic Affairs*

Lean. Transparent. Effective.



8. Mr Mike Foster
*Regional Director
NCC Education (Middle East,
South Asia & Europe)*

9. Mr James Stewart
*Acting Managing Director
NCC Education (UK)*

10. Mr Brendan Webb
*Regional Director
NCC Education (Africa,
Caribbean and South America)*

11. Mr Devinda Jayasooriya
*Centre Director
Sri Lanka School Operation*

12. Mr Wong Wee Woon
*Vice President
Malaysia School Operation*

13. Ms Catherine Chan Min Kei
*Executive Director
Informatics Professional
Skills Development
Hong Kong School Operation*

14. Ms Mabel Cheung Oi Lin
*Managing Director
Hong Kong School Operation*

15. Ms Jennifer Jiang Li Ting
*Director
Shanghai School Operation*

KEY MANAGEMENT

Mr Val Philip Ortega

*Acting Chief Executive Officer,
Chief Operating Officer (Singapore School
Operation) and Vice President (Academic Affairs)*

Mr Val Philip Ortega has been with Informatics Group for over 16 years in different capacities. He first started as adjunct lecturer in 1989 and later came on board full-time in 1995 as the General Manager of Thames Business School. He is currently the Acting Chief Executive Officer, and is concurrently the Chief Operating Officer of the Singapore School Operation and the Vice President of Academic Affairs. Mr Ortega has extensive experience in the private education industry, having been in it for over 25 years. He holds a Master of Science in International Marketing from the University of Strathclyde, Glasgow, and Master of Education from RMIT University, Melbourne. He is currently pursuing his PhD in Education.

Ms Cecilia Tong Chiu Fai

Chief Financial Officer

Ms Cecilia Tong joined the Group as Financial Controller of Informatics Holdings in July 2001 and was promoted to the executive level in August 2004. In September 2005, she was appointed as the Executive Officer for the Group's finance and corporate functions and board member in a number of subsidiary companies of the Group. As the Executive Officer for the Group's finance and corporate functions, she has been driving changes and enhancements to the Group's finance and corporate functions and corporate governance. She was appointed as board member of the Company on 31 March 2006 and now looks after the Group's Finance, Corporate Secretary, Risk Management, Information Technology, Human Resources and Legal Functions.

Mr Wong Wee Woon

*Vice President,
Malaysia School Operation*

Mr Wong Wee Woon has been with Informatics Group Malaysia since October 2004, bringing with him more than 20 years of rich corporate

experience in educational publishing. He was with educational publisher Longman Malaysia for 25 years from 1971 to 1996, where he rose from Regional Sales Executive to Managing Director. From 1997 to 2004, he held a series of positions, ranging from Managing Director of Longman Singapore/Malaysia and President of Pearson Education Asia to consultant to a UK multinational publishing house. Mr Wong obtained a Master in Management from the Asian Institute of Management in the Philippines.

Mr Lawrence Wee Thian Kiong

*Vice President,
Global Higher Education*

Mr Lawrence Wee joined Informatics in 1991 and undertook various roles within the Group. Between 1997 and 2000, he left the company to pursue career interests in sales and business development at IT multinationals Oracle and Hewlett-Packard. In 2000, Mr Wee rejoined Informatics as Market Development Director for the Emerging Markets. Over the years, he moved up the ranks to head Informatics Singapore School Operation in October 2002, before being tasked with the responsibilities of the Group's Global Higher Education. Mr Wee has a degree in Computer Technology from Curtin University of Technology (Australia).

Mr Lim Wee Kee

*Vice President,
Global Professional Skills Development*

Mr Lim Wee Kee is the Vice President (Business Development) of Informatics Group, having been with the Group for the past 15 years. Mr Lim graduated from Informatics and joined the organisation since January 1990. Initially, he managed the entire Singapore operations, which gave him the operating knowledge for driving education businesses in a highly competitive and changing market. He spent the last nine years leading the Group's growth into the global market, particularly Africa, Middle-East, South America and many parts of Asia. Mr Lim also develops new business alliances and relationships with key market players to create new business opportunities for the Group.

Mr Edwin Lim

*Executive Director,
Recruitment & Marketing
Singapore School Operation*

Mr Edwin Lim joined Informatics in 2005, he was appointed as the Executive Director for Recruitment and Marketing for the Singapore School Operation. Mr Lim has been in the education industry since 2002. Prior to Informatics, Mr Lim gained vast experience in the media industry in Oklahoma in the US and later joined an IT company as the General Manager. Mr Lim graduated with a Bachelor of Arts (Journalism and Broadcasting) and a Master in Business Administration from Oklahoma State University (US).

Mr Breyvan Tan Kiah Tong

*Executive Director,
Recruitment
Singapore School Operation*

Mr Breyvan Tan joined Informatics in 1994 and has been with Informatics for over 10 years, during which time he assumed various management responsibilities, including managing centres and heading the customer care division for Singapore School Operation. Mr Tan has since moved up the ranks to become the Executive Director of Recruitment for Singapore School Operation. He possesses a Bachelor of Science in Business Computing under Information Technology from University of Wales (UK).

Mr Alan Phua Poh Kuay

*Executive Director,
Global Higher Education, Academic Affairs &
Singapore School Operation*

Mr Alan Phua is the Executive Director for the Global Higher Education unit, as well as for Academic Affairs and Singapore School Operation. His responsibilities in Informatics encompass academic quality assurance in teaching, curriculum development and assessment as well as strengthening university collaborative relations.

He has devoted the last 12 years to the education industry and worked in different capacities in Informatics. Mr Phua taught in Informatics' various Diploma and undergraduate degree IT programs. He holds a Bachelor of Science from the National University of Singapore, as well as a Master of Science in Software Engineering from Andrews University (US).

Ms Mabel Cheung Oi Lin

*Managing Director,
Hong Kong School Operation*

Ms Mabel Cheung joined Informatics in February 1998 as an Accountant. Over the years, she has worked in various positions within Informatics and was subsequently 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 had about 5 years of experience in the commercial field.

Ms Catherine Chan Min Kei

*Executive Director,
Informatics Professional Skills Development
Hong Kong School Operation*

Ms Catherine Chan joined Informatics Hong Kong in March 2001 and was promoted to Assistant Director in April 2003. In April 2005, she was appointed as the Executive Director for Informatics Professional Skills Development Business, Hong Kong. Ms Chan has been driving business growth and expansion for the professional training segment. Prior to Informatics, she was employed by the Hong Kong University of Science & Technology and IDG (Asia) Ltd to take charge of executive programs and conferences in the region. Ms Chan graduated with a Bachelor in Statistics from the Chinese University of Hong Kong and a Master in IT Systems Management from Hong Kong University of Science & Technology.

Ms Jennifer Jiang Li Ting

*Director,
Shanghai School Operation*

Ms Jennifer Jiang joined the Group as Finance Manager of Informatics Holdings in September 2001. She was promoted to Business Director for the Group's China franchise operation and appointed as board member in a number of the Group's subsidiary companies in China. In April 2006, she was appointed as the Managing Director for China operation. Ms Jiang graduated with a Master Degree of Commerce from University of New South Wales (Australia), and is a member of the CPA (Australia).

Mr Devinda Jayasooriya

*Centre Director,
Sri Lanka School Operation*

Mr Devinda Jayasooriya joined Informatics Sri Lanka Operation in October 1995 as the Centre Manager, prior to which he was associated with the institute as a visiting lecturer. He was promoted to and confirmed in the post of Centre Director in April 1996. He played an active role in navigating the Company through the rough seas during the early stages of operation. Mr. Jayasooriya has a total of over 23 years of experience in the education industry, covering software development, training and marketing.

Mr James Stewart

*Acting Managing Director,
NCC Education (UK)*

Mr James Stewart joined NCC Education in 2000 from its sister company Informatics Group UK. He holds a BA (Hons) in Economics and Management Accountancy from the University of Lancaster. After university, he spent 3 years in an independent UK Chartered Accountancy practice, before accumulating 16 years of experience from holding various positions in the training and international education sectors. For the past 6 months Mr Stewart has been fulfilling the joint roles of Finance Director and Acting Managing Director with a remit to continue the momentum of NCC Education.

Mr Mike Foster

*Regional Director,
NCC Education (Middle East, South Asia & Europe)*

Mr Mike Foster joined NCC Education in January 2004 as Regional Business Manager for Middle East & South Asia. He had been appointed as Regional Director in August 2004 and given the added responsibility of the European markets, taking a leadership role in managing the overall strategic direction for sales and marketing in these regions. Mike has a superior track record as a business leader and people manager in a multinational environment with specific skills and knowledge in opening new markets. He is a senior member of the NCC Education management team.

Mr Brendan Webb

*Regional Director,
NCC Education (Africa, Caribbean and
South America)*

Mr Brendan Webb holds a BSc (Hons) in Engineering from the University of Cape Town and was the Business Director of a multinational Specialty Chemical company for several years before joining NCC Education in July 2003 as Regional Business Manager for Africa. Shortly after joining NCC Education, Brendan was promoted to Regional Director for Africa, the Caribbean and South America. Brendan is responsible for the Sales and Marketing support for the 52 Accredited Partners in 15 countries as well as developing new markets such as the Caribbean and South America.



Banking on Human Capital

The driving force behind our organisation, our enthusiastic family of staff is our best asset. We value our people and are committed to training and developing them and instilling self-confidence in whatever they do to realise their fullest potential.



1. Ms Kendrix Lim
Customer Care Executive

2. Ms Nancy Soria
Customer Care Assistant Manager
Excellent Service Award Member
Silver Award

3. Mr Stanley Tan
Senior Lecturer
Excellent Service Award Member
Silver Award

4. Ms Sally Lo
Senior Programmer Leader
Excellent Service Award Member
Silver Award

5. Mr Lim Jet Wee
Programme Leader
Excellent Service Award Member
Silver Award

6. Mr Gavin Chong
Customer Care Senior Executive

7. Mr Rona Lim
Senior Sales Manager
Excellent Service Award Member
Silver Award

INFORMATICS

Delivering Service Excellence

At Informatics, service excellence is a fundamental requirement of our mission to build the leading global company in providing quality learning services. Service excellence means not only delivering on commitments, but exceeding customer expectations consistently.

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OXFORD
BROOKES
UNIVERSITY

RMIT
UNIVERSITY

in
echnology



Plymouth

northumbria
UNIVERSITY

great learning great experience great future



CORPORATE FUNCTIONS

Delivering excellent service cannot be accomplished with a hit-or-miss approach. It requires constant effort. Achieving this constitutes Informatics' primary differentiator in the market. Indeed, these two words -- service excellence -- have become part and parcel of the vocabulary and culture of the entire company.

1. ENHANCING SHAREHOLDERS' VALUE

Informatics' corporate functions are focused on enhancing shareholders' value through the following areas:

1.1. Business Growth

We constantly upgrade our programs to meet changing market demands and always developing new programs to meet future industry trends. We also work hard to open up new markets for our programs by facilitating our new and existing partners and subsidiaries with program registration and training at their locations. Just as important, we constantly monitor the performance of our partnerships and subsidiaries and would not hesitate to terminate loss-making ones.

1.2. Public Relations

The Group's public relations and marketing charter is to maintain a positive perception of the company and uphold the corporate image. This is to enable the Group to build global brand equity that projects a high level of brand competitiveness in the global market place, which will in turn maximise the Group's market share. Throughout the year, the Group has built upon its public relations efforts to enhance its brand in the market, to create greater awareness and strongly position its products and services.

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. The Group's website is constantly updated and continuously improved to provide up-to-date information and easy-to-navigate tools for the public.

Marketing and communications materials are periodically reviewed to ensure accurate and updated information content and to continuously improve its format, presentation and delivery to serve our customers and the public more effectively and efficiently.

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, so as to strengthen its leadership position in the market.

1.3. Investor Relations

The role of the Group's investor relations is aim to inform and facilitate strategic partners as investors in Informatics. The Group is committed to a high level of corporate transparency, with the objective of facilitating timely and accurate communication to the investment community. The Group has disseminated information effectively on a wide scale and without bias, so as to ensure that shareholders and investors have easy access to significant information pertaining to the Company. Such information include announcements to the Singapore Exchange by the corporate secretary on the Company's quarterly results, changes in executives, updates on the Company's Employee Share Option Scheme (ESOS), changes in shareholdings and events that are of interest to shareholders.

The Group's Investor Relations website has been constantly updated throughout the year. Investors can have easy access to up-to-date information on the Group from its Investor Relations site via its corporate website at www.informaticsgroup.com.

The Group will continue to foster strong investor confidence in the company and to practise fair and continued transparent disclosure of our performance and results and ultimately enhance shareholders' value.

2. STAFF QUALITY AND IMPROVEMENT

The Company strives to place the right staff in the right job and it provides continuous training and nurturing to the young talents as part of our management renewal process.

2.1. Human Resource Management

One of Informatics' core values is "People" as we believe that staff are the most valuable assets of the company. We aim to develop their self-confidence and skill levels in order to provide high standards of service to our customers both internally and externally. Informatics is a People Developer Standard award winner in Singapore since 2002 and it marks a significant milestone in Informatics' Human Resource Management (HRM) journey to have positioned Informatics as a preferred employer of choice in the education and learning industry.

Informatics' HRM objective is to leverage on best practices in people management and development, so as to develop our staff to their maximum potential and to the best of their capabilities. These practices are translated into higher staff morale, greater teamwork amongst staff and higher staff productivity, which in turn lead to higher profitability and greater returns to shareholders.

On a global scale, we establish a five-pillar people excellence framework:

- a. Talent identification and management.
- b. Leadership cultivation.
- c. Compensation and benefits.
- d. Consistency in core HR policies and philosophy.
- e. Benchmarking of best HR practices.

This framework is translated into key HR areas of focus - training and development, staff performance management, recruitment and retention, benefits and compensation, rewards and recognition, fostering work ethics and culture, and creating a conducive working environment.

One key HRM strategy is effective and timely communication with staff members. The initiatives implemented for improvement in this area include management presentations at staff forums, regular face-to-face communication sessions between managers and staff, and web-based communication sessions, especially for our overseas offices. Tighter communication has enabled the management to cascade the company's business directions and performance effectively down to all staff levels, thus helping to align their work and business functions to overall company objectives.

In tandem with our belief that good HRM is critical to the company's business growth and profitability, another key HR strategy is training and development. The focus is not just on job-related training but also on overall management and leadership skills, as well as core functional skills like management accounting, service quality, public relations and internal audit.

The company will continue to foster strong staff confidence in the company and to implement best HR practices to help build a strong organisation with motivated, confident and capable staff working towards achieving the business goals and corporate objectives of the Company.

2.2. Service Excellence

To position Informatics amongst the premier service providers in the competitive global education and learning market, an integrated service excellence framework has been incorporated as part of the strategic pillars of organizational success in Informatics. This framework encompasses all business systems including the design of academic curriculum, classroom delivery standards, service contact points and support services. It aims to develop a customer-centric mindset amongst all staff as a corporate strategy at Informatics. Today, as part of our ISO certification systems, Informatics has devised and implemented service quality checkpoints and minimum service standards to ensure that all staff meet or even exceed customers' expectations and learning needs.

As testimonials to Informatics' successes in service excellence, we won the Golden Brand Award, in recognition of the company's success in building a strong brand name. The Golden Brand Award for the Education sector is a competition run by the organisers of the International Brand Summit 2005, an event held in conjunction with the mega event, Global Entrepolis@Singapore, jointly presented by the Singapore Economic Development Board (EDB) and the Singapore Business Federation. Informatics had also been conferred the prestigious Singapore Brand Award and Singapore Quality Class (SQC) Award for Private Education Organisations (PEO). In addition, Informatics attained CaseTrust for Education, a scheme run by the Consumer Association of Singapore to certify companies that have a firm foundation for good quality student welfare practices and standards. These are organisational excellence awards and they aptly reflect Informatics' commitment to service quality. In 2005, a group of Informatics staff was awarded the national Excellent Service Award (EXSA) by SPRING Singapore in recognition of their outstanding services. This is the second consecutive year Informatics' staff had won and the company is the only Private Education Organisation with such an honour. Despite these

impressive service achievements, Informatics will not rest on its laurels but will continue to strive to further raise the service excellence benchmarks by having its prime focus on the delivery of higher standards of customer care.

Key service initiatives undertaken by Informatics globally include the new global job placement website for our students as a value-added service to our graduating students seeking employment in the business world; face-to-face management dialogue sessions with students to gather feedback directly from them and to build rapport with them; formation of student councils comprising appointed student representatives who can act as the "voice of the customer" in giving feedback on how customer service can be improved; integrated service cycle system to list down the critical service activities and their corresponding service standards; and more service awards and recognition schemes to recognise staff for their excellent service efforts, such as best staff awards. Harnessing information technology, we have implemented several online service tracking systems to further enhance staff productivity and service efficiency. Online service systems and user-friendly websites are also developed to provide greater convenience to students in their service transactions as well as for accessing information on Informatics online.

More importantly, Informatics constantly reviews best service practices from excellent service organisations globally. Through both internal and external service benchmarking, Informatics centres are encouraged to seek out and adapt innovative and best service practices for implementation. Some of the best practices adopted in Informatics are customer satisfaction surveys, global service centre website, awards schemes and customer feedback channels. These best service practices have further enhanced Informatics' customer relationship management (CRM) systems, thus making it the differentiating factor that will provide Informatics with the competitive edge over other players in the education and learning industry.

Customer care, customer intimacy and customer sensitivity have been firmly established as the key service drivers in Informatics' quest for service excellence. Together with its integrated service framework, Informatics believes that these initiatives and best practices will help reaffirm its status as an excellent global education services provider.

3. GOVERNANCE AND REPORTING

Informatics places considerable emphasis on the development of appropriate policies and procedures and the communication of these policies and procedures to all staff, so as to ensure that they are implemented properly through the following functions:

3.1. Finance

The finance function covers two aspects: corporate finance and operation finance. The primary objective for the corporate finance function within Informatics is to ensure an infrastructure that is able to meet reporting requirements and provide timely, 'true and fair' financial information on the business to all stakeholders - investors, partners, vendors and employees - providing fundamental value to all. The operation finance function ensures accuracy of data recording with proper internal controls in place and eventually provides right data for making business decisions. These are supported by verification from independent auditors.

The Finance department's organisational 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 from the business, so that financial information on the business will be in compliance with the Group's accounting and financial policies, and so that the Group maintains a high standard of financial integrity and corporate governance.

Led by the Group's CFO, key financial strategies have been put in place to help achieve the department's objectives. These include deploying

centralised systems in tax planning, treasury and fund management. In addition, Finance will oversee and effectively manage the Group's investments with the objective of maximising business growth.

The Finance group establishes and works within a framework of proper internal controls, and optimal financial and operational systems, with documented processes, procedures and policies. Continuous efforts are put in to streamline and update controls and processes in order to cope with the ever-changing business environment.

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 for providing relevant information on a timely basis to support management.

3.2. Audit And Risk Management Committee Review

The Audit and Risk Management Committee ensures an independent review of the Company's key risks, operational efficiency and performance. It will provide the Board of Directors with an independent report, as well as provide the management with advice on best practices. The Audit Committee also oversees special projects such as corporate re-engineering review and the implementation of the review's recommendations.

4. ASSURANCE AND COMPLIANCE

The Company's assurance and compliance corporate functions provide independent review and feedback on the risks as well as the operational, financial and support structures for ensuring business continuity.

4.1. Risk Management

The Risk Management Unit was set up in November 2004 to look into the enterprise risk management within the Group and to work with line managers to implement relevant measures to manage operational risks. The corporate Risk Manager

spearheads it with direct support from the CFO and Audit and Risk Management Committee.

The risk management function aims to establish an integrated risk management framework to measure and manage the global risks of the Company's worldwide operations. Appropriate systems and guidelines are set up to identify, evaluate and manage the risks together with the management.

The corporate Risk Manager is also involved in reviewing the Group's existing business processes and making recommendations to the Audit and Risk Management Committee on improvements to be made to strengthen controls and manage the risks identified. During the year, Informatics completed a re-engineering review on the business processes in its Singapore operations. The re-engineering review covered operational risk, manpower risk and financial risk. Special attention was paid to the policy and procedures, manpower adequacy, management information system support and segregation of duties. Various control functions, such as student admission and evaluation department, have been newly set up to enhance the operating control environment. We expect the risk management reviews to be a continuous process. Such review will be carried out in the rest of the Group.

4.2. Internal Audit

The internal audit function of the Group is undertaken by the Group Internal Audit, which is based in its Corporate Headquarters in Singapore. The regional auditors are located within the Group's operational offices in China, Malaysia, the Philippines and Singapore. They report directly to the Head of Group Internal Audit. The close proximity of the auditors to each of their own markets ensures cost-effective and efficient audits.

The Head of Group Internal Audit reports directly to the Audit and Risk Management Committee and sits in every meeting of the Committee. The Internal Audit work plan for the year is reviewed and approved by the Committee. In addition, the Committee oversees and appraises the quality of

the audit effort of the Group's Internal Audit function. During the year, the Internal Audit planned its work in consultation with, but independent of, management. The Audit Plan was developed using a risk-based approach, in which the inherent business and control risks in each operating unit have been taken into consideration.

During the past 12 months, the Group Internal Audit has undertaken many audit assignments, covering planned financial and operational audits, systems reviews and special investigations. The Group Internal Audit also played the role of consultant to the management, with advisory works carried out in the areas of finance and operations.

The overall objective of the Group Internal Audit is to ensure compliance with policies and procedures established by the management. Key to this initiative is the participation of each employee in acting as 'watchdog' for the Group and in upholding good ethical and governance standards in their respective areas of work. To this end, staff training and education on good audit and governance standards are required, and so the Internal Audit team has incorporated training sessions for staff on governance and standards throughout the year. Internal Audit also provides independent recommendations on how to ensure compliance. It also forms an opinion on the reliability of the numbers reported.

4.3. In-House Legal Counsel

The legal function, carried out by the legal department in the Company, is to manage legal risks and to put in place policies to minimise legal exposure in the Company. The legal department also provides guidance and advice to the management of the global business units and support functions within the Group. The focus of the advice is predominantly on contractual matters, document management and legal processes. Much of the advice rendered is in relation to the day-to-day operations of the Company. The legal department is the custodian of all the

Company's agreements and outstanding litigation matters, if any. To ensure good quality advice at all times, the Company has a panel of external law firms to advise the legal department and the Company on more complex matters.

With the aim of adding value to the business process, the legal department is continuously reviewing and refining the legal processes and policies within the Company to improve its efficiency. The focus has also been on proper documentation and record keeping so as to ensure fuller details on customers and business partners are maintained. New policies have been put in place to ensure that the Company enters into business relationships with reliable and credible partners.

By using information technology, the legal department also started a paperless environment for simpler and more mundane agreements during the year. These agreements can be made online and stored in retrievable databases.

4.4. Information Technology

Information Technology is a key enabler of Informatics' business, as well as a conduit for its strategic e-learning business, as it provides the infrastructure for capturing data and producing management information on a real-time basis. Applying IT also helps ensure compliance to policies and procedures. In addition, IT policies on backup and recovery ensure business continuity and resumption of operations with a minimal downtime.

Informatics' IT moved towards a centralised infrastructure from October 2004 in order to achieve better standardisation and control, and to leverage and effectively utilise the pool of valuable IT resources, as well as to share knowledge and expertise.

The Data Centre set up in the new Informatics Campus is equipped with environmental protection, biometric access control and two new clustered servers. A campus-wide wireless network was set up with Hotspots for students' online access and for staff working while on the move.

Latest Voice-Over-IP (VoIP) phones were deployed for cost-effective telecommunications.

CEO messages from the Campus continued to be conducted live via Executive Virtual Campus (EVC), reaching 35 locations simultaneously, such as Malaysia, Shanghai, Hong Kong, Sri Lanka and UK, with live broadcast and concurrent text chat to allow interaction with Informatics staff around the world.

EVC, a Voice-Over-IP (VoIP) solution with multimedia and application sharing, has enabled classroom-based students worldwide to embrace online learning. Real-time link to Informatics student management systems allows students to access the latest course catalogues, class schedules and fees. Students are also able to access an online library of full-text reference books and other contents from leading publishers via our technology partner E-brary.

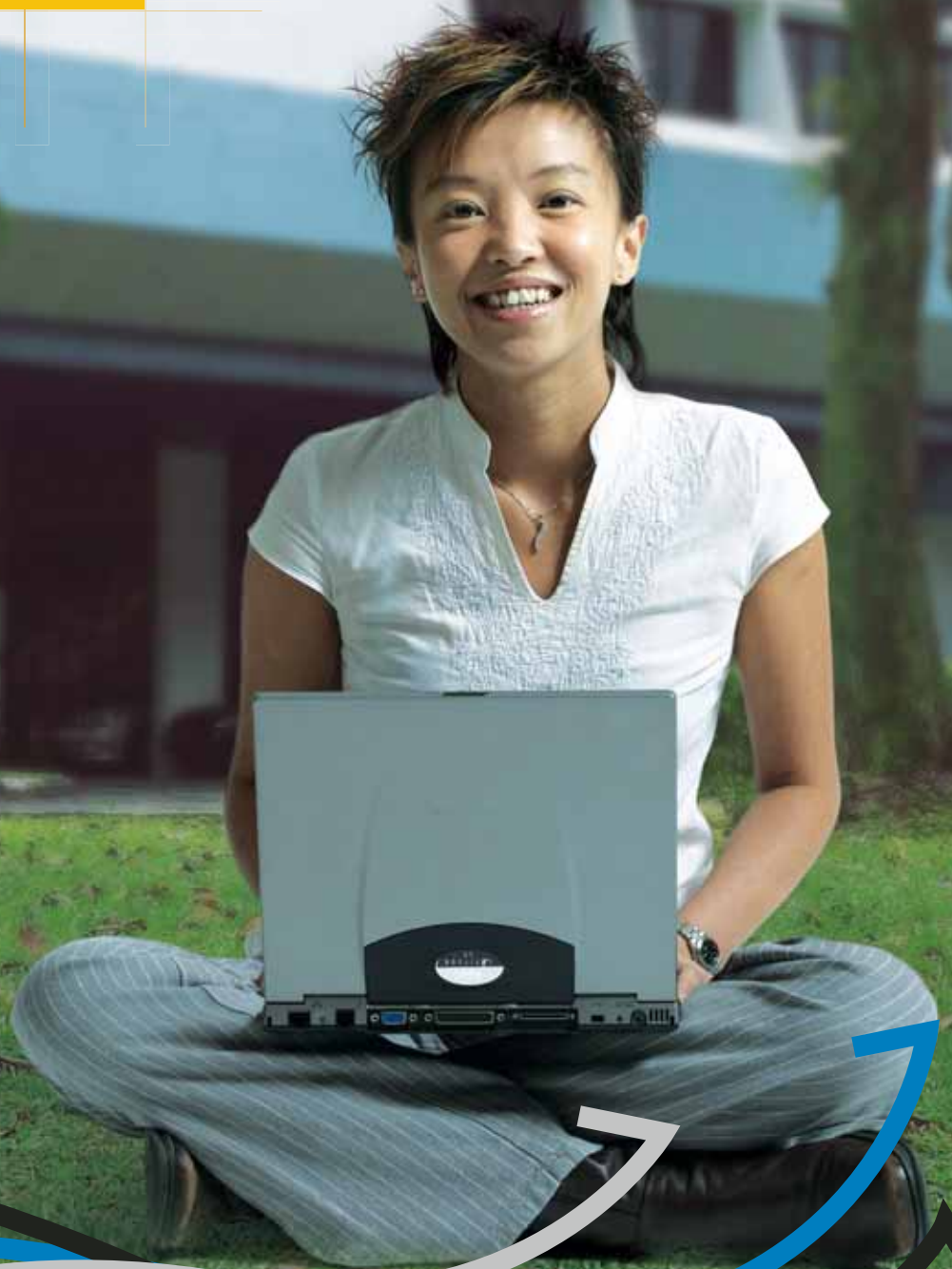
Informatics website is enhanced continuously, with an announcement page providing up-to-date information from corporate headquarters as well as regional study centres. Video streams are added to the corporate website and Customer Feedback is actively sought. An online Job Placement service is available with several agencies and partners posting job opportunities for Informatics students.

The Informatics Management Information System (IMIS) was further enhanced with real-time Online Attendance Recording and Tracking, one-view scheduling planner that shows classroom utilisation and efficiency rate, online class schedules for display on plasma screens and web access, integration of International Student Services (ISS) module for Student Pass application, renewal and cancellation procedures in the IMIS, and on-line real-time IMIS for our subsidiaries and franchisees.

The on-going Information Systems Plan covers technological updates of hardware, software and infrastructure to meet changing business needs. Informatics will continue to explore innovative ways of delivering IT services and capabilities by exploring outsourcing alternatives, engaging technology partnerships and protecting our investments in IT hardware, software and skills.

Redefining Learning

We are turning learning into a new experience. With our Flexi-Learning method which combines e-learning and face-to-face tutorials, we give students the opportunity to learn outside the classroom, anytime and everywhere. It is our commitment to ensure all learners have access to success.



GLOBAL BUSINESS

What is the future of learning? Informatics seeks to define this future through a diverse collection of educational entities dedicated to innovation, access and quality.

1. OVERVIEW

Informatics' core business segments are:

- i) Global Higher Education.
- ii) Global Professional Skills Development
- iii) e-Learning (PurpleTrain.com).

Global Higher Education engineers its delivery mechanism, research and content development specifically for two primary business segments: the college-going students and the lifelong learners. It offers Diploma, Advanced Diploma, Degree, Masters and Doctorate qualifications in a range of business, engineering and technological subjects. Higher Education Institution researches and develops its programme content through partnerships and alliances with reputable universities and educational institutions worldwide. The Global Higher Education Unit works closely with international accreditation award bodies like Informatics Academy and NCC Education (UK) to ensure the qualifications awarded meet the criteria for international quality and standards.

Global Higher Education's flagship Capstone (Flexi-Learning) programme is a completely modular curriculum that offers greater flexibility and convenience to students from all over the world through its integrated methodology of online e-Learning and face-to-face tutorials.

e-Learning capitalises on advanced Internet and wireless technologies and utilises up-to-date IT capabilities to provide an innovative infrastructure for its online virtual campus platform for e-learners, who generally fit the

profile of busy working professionals requiring the flexibility of e-Learning's "anytime, anywhere" learning concept. Programmes offered on the e-Learning platform cover a diverse range in business, e-Commerce, management, and IT and computer studies, leading to Diplomas and Advanced Diplomas, and first and higher degree qualifications.

Informatics Professional Skills Development (IPSD) is to provide training and skills upgrading and enhancement to the workforce, in both technical and non-technical areas. IPSD capitalizes on Informatics Learning content from today's and tomorrow's industries of Hospitality and Tourism, Detail Management, Leadership and Critical Business Skills, Communication Skills and also its core-competency in the area of IT skills. In this area IPSD works with many technology partners like Microsoft, Oracle, Cisco and Novell, to design and develop market-relevant training curricula for the corporate segment.

The delivery mechanisms include:

- (a) Taught classroom (traditional face-to-face)
- (b) Capstone (Flexi-Learning) integrated learning methodology.

2. GLOBAL HIGHER EDUCATION

Global Higher Education is one of the core business units of the Informatics Group. Through its global network, Informatics has enabled individuals worldwide to achieve world-class higher education qualifications through its wide range of programmes, from diplomas and bachelors degrees to masters and doctorate degrees.

The objective of Global Higher Education is to enable individuals to maximise their potential to meet challenges in the new economy, by providing individuals and lifelong learners with new opportunities for tertiary education and self-development through Informatics Institute and Thames Business School. Through Informatics Academy, the international tertiary education awarding body of Global Higher Education, learners are assured of the quality of their academic awards.

At Informatics, our emphasis is on providing excellent educational programmes through research and development carried out under strategic partnerships and alliances with more than 22 renowned universities and educational institutions worldwide.

In view of the rising concern about Cybersecurity globally, Informatics has partnered world renowned EC-Council to co-develop the world's first academic programme in Networks and Cybersecurity, leading to a Bachelor of Information Technology from the University of Southern Queensland, Australia.

Another niche discipline is in gaming and animation, where good growth potential and demand is anticipated. In line with market trends, Informatics has introduced the exciting Gaming and Animation Technology programme.

The strategy going forward is to enhance the flexibility and convenience of pursuing higher education for customers worldwide, so as to provide easy access to education in the new learning era. At Informatics, this can be achieved via our Capstone (Flexi-Learning) programmes.

The Capstone (Flexi-Learning) programmes offer a unique degree pathway to internationally recognised graduate and postgraduate qualifications from reputable universities from Australia and the UK. Getting an affordable and internationally recognised degree locally is now possible via the Capstone (Flexi-Learning) methodology. Within the limits of the course schedule, the students can take some modules online via our PurpleTrain.com platform, plus some local face-to-face tutorials. They are given the option to take one module at the Informatics Campus in Singapore.



3. INFORMATICS ACADEMY

Informatics Academy (IA), an integral part of Informatics, was formed in 2002 to act as an independent, international award-giving body. The key function of Informatics Academy is to ensure that all its awards bear quality assurance marks that are internationally recognised and accepted by employers and universities for employment and credit transfers respectively.

Informatics Academy develops and assesses its own range of qualifications, from diploma to postgraduate programmes that are recognised worldwide. It partners closely with NCC Education, UK, to offer diploma and advanced diploma programmes. By offering various avenues to internationally recognised qualification pathways, students have greater flexibility and choice when choosing programmes according to their study preferences and completion pathways.

Recognising the different needs of its students around the world, Informatics Academy offers a wide choice of international degree programmes in many countries by establishing strategic partnerships and alliances with major universities in the US, the UK and Australia. Students are presented with a vast range of choices when it comes to selecting internationally recognised courses for further studies.

A complete range of tertiary qualifications is offered to students at different levels: Foundation Studies, Diplomas, Advanced Diplomas, Graduate Diplomas, Bachelor degrees and Master's degrees. The students benefit from our round-the-clock learning support services and a world of academic and career opportunities.

4. FACULTIES OF STUDY AT INFORMATICS

The programmes in the faculties of study at Informatics are specially designed for college-going students who are planning their career entry into

the dynamic business environment or self-motivated learners who are looking for new tertiary education opportunities or career switch via lifelong learning.

Students will embark on Informatics' Diploma programmes in their first year of study, after which they will be introduced to a higher level of learning with the Advanced Diploma programmes and finally pursue their Degree from any affiliated prestigious university in their third year of study. Informatics' IT degree pathway is designed to lead our students from a Diploma to a Degree in just three years.

4.1. Faculty of Business

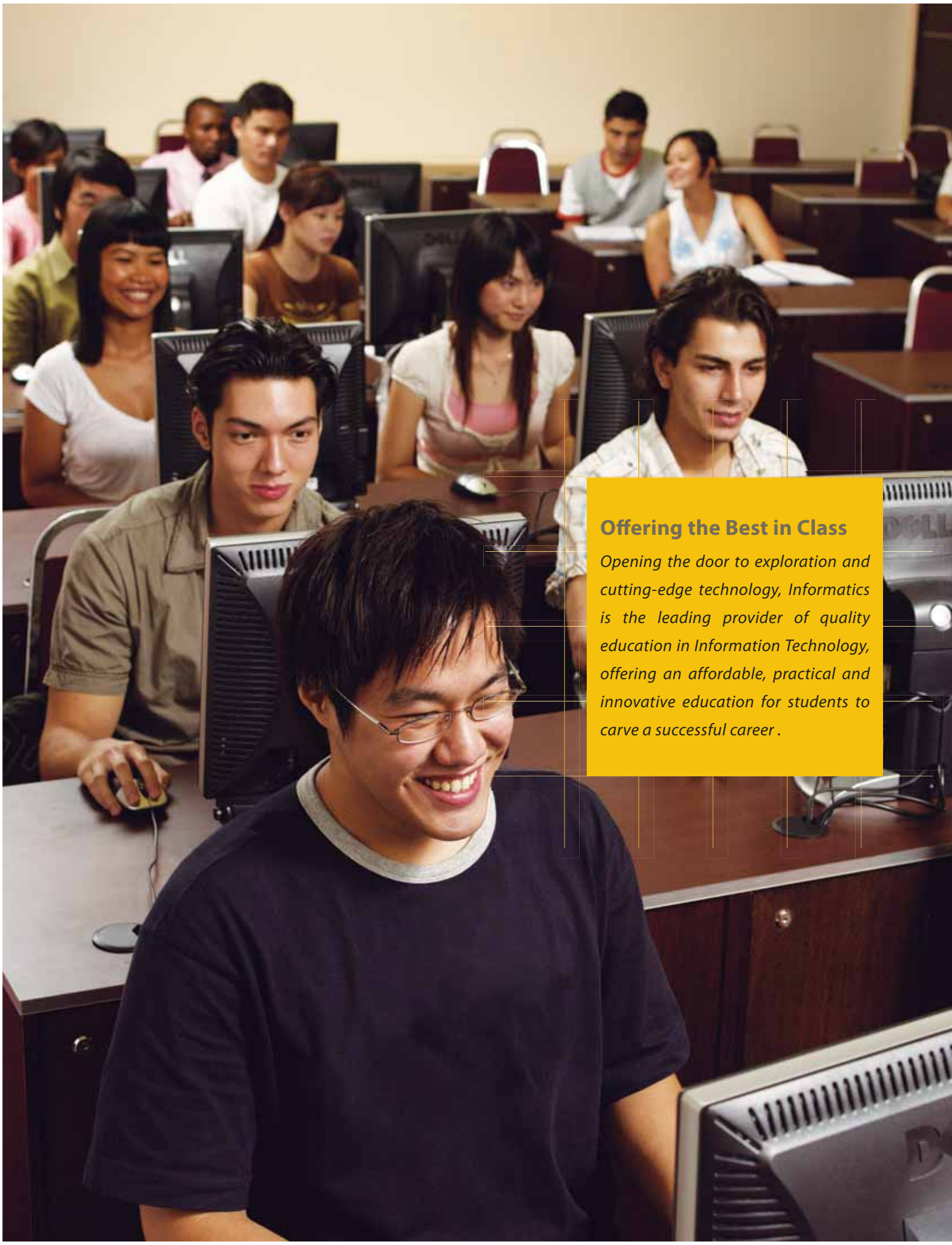
The Faculty of Business offers a wide range of professional business qualifications. It is committed to delivering quality business programmes for developing aspiring individuals, and its success in this regard is evident from its consistent delivery of top-notch graduates, as well as the high academic passing rates of its higher education programmes.

Under the Faculty of Business, Informatics offers a suite of business related programmes leading to specialisation in business administration, human resource, accounting, mass communications and business IT.

4.2. Faculty of Infocomm Technology

The continuing technological developments in InfoComm Technology ensure strong future demands for graduates in this field. Our programmes aim to equip students with the technical expertise and latest IT skills that are useful and relevant in any part of the world.

The Faculty of InfoComm Technology offers a suite of programmes leading to specialization in Computing, InfoComm Technology, Information Technology, Business Computing and Networks and Cybersecurity.



Offering the Best in Class

Opening the door to exploration and cutting-edge technology, Informatics is the leading provider of quality education in Information Technology, offering an affordable, practical and innovative education for students to carve a successful career .

4.3. Faculty of Engineering and Technology

Faculty of Engineering and Technology launched programmes in Gaming and Animation Technology in response to the burgeoning demand in the content development industry. Besides these programmes, the faculty also offers Electronics, Mechanical and Computer Engineering programmes.

4.4. Faculty of Postgraduate Studies

The role of the Faculty of Postgraduate Studies is a unique one. It aims to provide opportunities for higher learning to mature executives who desire to upgrade and network with peers from different industries. We are at the forefront of enabling executives to make quantum leaps in their careers and contributing to the collective wealth of knowledge in the various fields of study.

The Faculty strives to reach a world-class standing by offering a premium portfolio of postgraduate programmes underpinned by service excellence. It offers postgraduate programmes in Information Technology, Business and Health Science.

5. NCC EDUCATION

NCC Education is a global leader in the assessment and certification of quality education programmes in international education markets.

NCC Education offers qualifications ranging from Information Technology professional development to the International Degree Pathway in Business Management and Information Technology, taking students from Foundation to Masters qualifications

that are recognised by universities worldwide. NCC Education qualifications are recognised by the QCA, UK Qualification & Curriculum Authority (QCA) & Department for Education & Science (DfES) as an awarding body.

NCC Education has been experiencing double-digit growth in recent years. In particular, its International Degree Pathway has been growing at over 30%, while the demands for its Postgraduate qualifications exceed even that growth rate. NCC Education's double-digit growth is expected to continue and the company is positioned for solid future growth, as it embarks on an ambitious growth strategy that focuses on delivering not only the highest quality, career-oriented programmes in the market but also the highest levels of customer service.

The Higher Education Division saw a range of new university partnerships launched. The division continued to experience strong growth in turnover and showed a substantial improvement in earnings. Growth was seen in most regions and important new partnerships were established in a number of countries. Regional representation was enhanced with an office in Beijing to cover the important East Asia territory. The Division has also invested in quality assurance systems and personnel for the delivery of high quality degree level programmes.

NCC Education is continually seeking to add to its programme portfolio. Since 2002 it has successfully launched ten new programmes, including the recently approved University of Wales validated BSc (Hons) in Business Administration. This programme is for students worldwide who are keen to attain a British degree but who are not always able to travel to the UK to study.

NCC Education programmes include the International Degree Pathway leading to British Undergraduate and Postgraduate qualifications. One of the most popular qualifications is the NCC Education Postgraduate Diploma in Strategic Business IT, which leads to the MSc in Strategic Business IT awarded by the University of Portsmouth.

Established by the British government as the education arm of the National Computing Centre in 1976, NCC Education's original mandate was to develop the IT skills of the British population. By the 1980s the success of the initiative was heralded throughout the British Commonwealth and governments, including Singapore, looked to NCC to provide education and training solutions in their countries. This was the start of NCC Education's evolution into a global provider of qualifications and certifications worldwide.

6. PURPLETRAIN.COM (E-LEARNING)

PurpleTrain.com is the largest global e-Learning provider outside the United States, with e-Learners in more than 45 countries. It offers Business, IT education and Health Sciences programmes, as well as corporate training courses and education-related services.

The objective of PurpleTrain.com is to continuously provide lifelong learning services to students from all over the world. Learning services can be accessed internationally anytime, anywhere with minimal disruptions to work and family commitments and other obligations, and without having to leave home.

By combining innovative technology with world-class training content, PurpleTrain.com offers companies and individuals high value, quality and effective online training solutions. Its online courses range from Masters and Bachelors degree programmes to diplomas and certificates, spanning technical level to management level, so as to cater to the varied needs of corporations and professionals.

PurpleTrain.com will continue to be an important growth pillar of the Group. It is especially important as the Capstone (Flexi-Learning) Programmes (which incorporate e-Learning as part of their integrated methodology) are targeted at the global market and are expected to bring the group to a greater height.



7. INFORMATICS PROFESSIONAL SKILLS DEVELOPMENT

Informatics Professional Skills Development (formerly known as Informatics Corporate Learning), marketed under the brand name of Informatics Professional Skills Development (IPSD), is the professional skills IT training arm of Informatics. It targets both individuals and corporate customers, and strives to be at the forefront of skills training by providing current and innovative Business and IT programmes via both the classroom as well as Flexi-Learning mode (classroom combined with e-Learning). With the Flexi-Learning mode, IPDC is poised to offer up-to-date training solutions that can be delivered effectively.

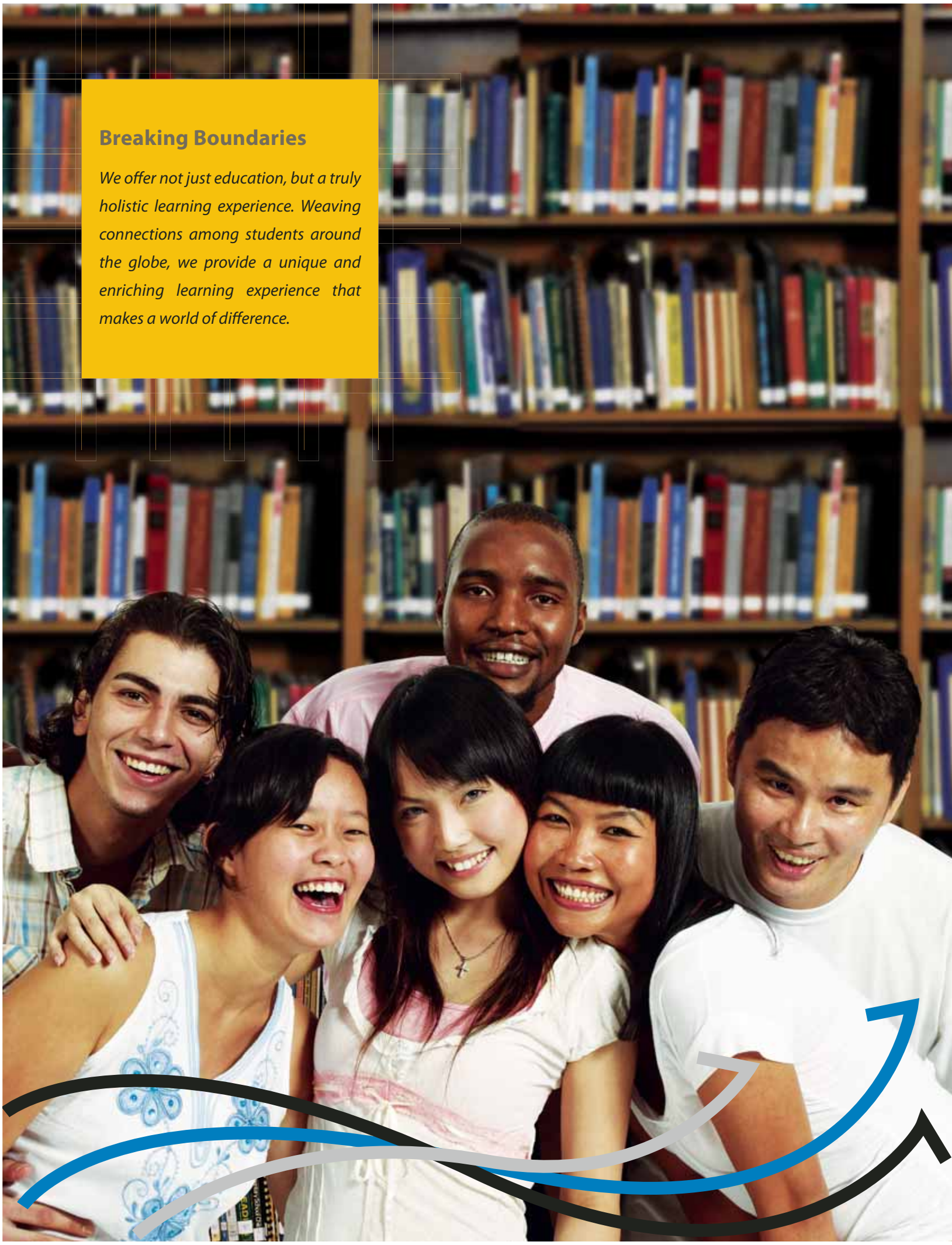
IPSD's mission is to exceed customer expectations and aspire towards a global leadership position in the provision of quality training services.

IPSD will focus on building new products and strategies to grow in partnership with key market leaders such as Microsoft, PMI, Autodesk, and many others.

Informatics IPSD will continue to enhance its strategic alliances with key Business, IT and certified partners, so as to develop and offer the most up-to-date programmes to equip customers with much sought-after work and life skills.

Breaking Boundaries

We offer not just education, but a truly holistic learning experience. Weaving connections among students around the globe, we provide a unique and enriching learning experience that makes a world of difference.



GLOBAL OPERATIONS

We continue to make constant enhancements by leveraging on technology and expanding our global network to cater for the global community, to offer students quality accredited education anytime, everywhere.



Informatics' focus in FY2006 was on leveraging its expertise and experience in providing flexi e-learning through its global network spanning Asia, Middle East, Africa and other regions, in order to grow and expand its business, as well as to recruit more foreign students for its new Informatics Campus in Singapore.

Informatics relies on a proven 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 geographical area for a specific time. A franchisee or licensee can select from any one of Informatics businesses (Global Higher Education, Global Professional Skills Development, and e-Learning (PurpleTrain.com) and specific geographical 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 and Sri Lanka. The company holds various levels of equities in its franchises in Indonesia, India, Pakistan and the Philippines.

In addition to growing its business in existing markets, a key strategy is to penetrate new markets with good growth potential like Japan, Korea, Taiwan and Nigeria, both in terms of new franchise businesses, as well as in the recruitment of international students for its Singapore campus.

Informatics' global business functions take care of the content development, R&D, and the global infrastructure in the respective businesses within the Global Higher Education, Global Professional Skills Development and e-Learning 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, as well as to International Student Services (ISS).

1. INFORMATICS SINGAPORE

Informatics Campus

Informatics Singapore has consolidated its various city-centres into a 600,000-square foot full-fledged campus site, equipped with campus-wide wireless

network and modern sports and recreational facilities. The Informatics Campus in Singapore is one of the largest campuses among the private education schools, capable of accommodating up to 15,000 students. It was officially opened in October 2005 by Guest-of-Honour Professor Tommy Koh, Ambassador-At-Large, Ministry of Foreign Affairs, and also Chairman of the Institute of Policy Studies.

Informatics places emphasis on providing a holistic and enriching educational experience on the campus, so as to develop well-rounded individuals. It has implemented quality infrastructure and facilities within the campus to provide a conducive learning environment for its students. Informatics offers complete campus facilities which include over 50 classrooms and computer labs, lecture theatres, library, and full sporting facilities such as football/rugby fields, badminton courts, basketball courts and tennis courts.

As part of the holistic educational experience, students are encouraged to participate in co-curricular activities in the creative arts, sports and games. The campus environment provides a good platform for meaningful interactions and cultural exchanges amongst the students,



allowing them to establish important business and social networks.

To further complement Singapore's aim to become a world-class education hub in the region, Informatics plans to set up a "University Hub" within the new campus to attract foreign university partners to establish their presence in Singapore.



Informatics students came in Champion in the First Chinese Students Basketball Tournament in Singapore 2006. The tournament is organised by the Singapore Chinese Student Union. His Excellency Mr Zhang Yun, Ambassador of People's Republic of China, presented the awards to our winning team.

1.1. Informatics Capstone Programme (Flexi-Learning)

Informatics has tied up with several partner universities to launch the Capstone (Flexi-Learning) programme, offering a wide range of courses ranging from Diplomas, Advanced Diplomas and Bachelor's Degrees to Master's Degrees, in diversified disciplines such as Business Computing, Technology Management and Business Administration. Informatics (Flexi-Learning) Capstone programme offers greater flexibility to students, enabling them to achieve their academic goals more conveniently. Informatics Capstone (Flexi-Learning) programme is completely modular in structure and offers a combination of face-to-face lectures and online e-tutorials. Students will be conferred the same internationally recognised qualifications as those who do the programme on-campus.

Over the years, Informatics has built up a unique core competency in delivering a flexible and distant learning mode, using e-learning complemented with face-to-face classroom sessions. This includes the Capstone (Flexi-Learning) programs and University of Southern Queensland distance learning programmes. The unique selling points for Informatics' educational services are:

1. ***Students can study anywhere in the world, choosing a highly flexible schedule, with no fixed attendance required, and all this at an affordable price.***

Informatics Capstone (Flexi-Learning) programmes can accommodate the diverse lifestyles and cultural backgrounds of students as it allows them to study at their own pace and plan their classes to suit their work and lifestyle needs, as well as plan and manage their time more efficiently and effectively. The blended and modular Capstone (Flexi-Learning) programmes offer students the flexibility and convenience of a modular system by incorporating elements of face-to-face tutorials with the online e-Learning methodology of a virtual e-Campus. Within the limits of the course schedule outlined, students can attend physical classes at the Informatics Campus in Singapore for some modules

and do other modules online from anywhere in the world that has an Internet connection.

Busy executives studying part-time can complete part of the Capstone (Flexi-Learning) programmes while traveling on business or going on holiday, or even while they are in the comfort of their homes, without seriously disrupting their work and lifestyle, which is a critical consideration for this group of mature lifelong learners. Informatics has by and large succeeded in tailoring its Capstone (Flexi-Learning) programmes to the needs of globe-trotting "executive students".

The affordability and uniquely integrated methodology of the Capstone (Flexi-Learning) programmes have immense appeal to both full-time students and part-time learners who want to pursue a higher education in their own countries. For full-time students, the affordability of the Capstone (Flexi-Learning) programmes is a big draw, as this group of students is typically dependent on their parents, other family members or grants and scholarships to fund their education. Because the international programme is conducted locally in their own countries, there are substantial savings on overseas travel, living allowance, accommodation and other related expenses.

Informatics Capstone (Flexi-Learning) provides students with the best of both worlds that go beyond just academic qualifications. The integrated methodology involving face-to-face tutorial and online sessions provides greater opportunities to interact with students from diverse social and cultural backgrounds, enabling the students to build invaluable networks and connections that could help in the advancement of their careers. In the virtual e-Campus, the cultural diversity is limitless as there is no geographical boundary. The most unique aspect of Informatics Capstone Pathway is the option to study a module for an intensive two weeks at a different campus of the student's choice, such as the Informatics Campus in Singapore. This will allow students the opportunity to experience a different campus environment and to meet face-to-face with the lecturers, tutors and overseas classmates that they have been interacting with via the e-Campus tutorials.

2. *Students do not need to give up their jobs or leave their homes.*

By understanding the social and cultural milieus in which it operates, Informatics is able to provide an alternative educational route to those who are otherwise restricted by social, economic or religious factors. For instance, Informatics Capstone's highly flexible modes for studying have attracted housewives in the Middle East who aspire to pursue higher educational qualifications, while at the same time continuing to look after their families. The Capstone program also reaches out to those who cannot afford to further their studies overseas, as Capstone's integrated learning methodology allows them to attain internationally recognised qualifications without leaving their home countries. For busy working professionals, Informatics Capstone e-learning programs make it so much easier for them to fit learning into their hectic schedules.

3. *Students are awarded internationally recognised qualifications for a wide range of courses.*

The academic qualifications bestowed through Informatics Capstone are internationally recognised, as they are awarded by renowned universities in the US, UK and Australia. Students are conferred the same internationally recognised qualifications as those who do the programme on-campus. The Informatics Capstone (Flexi-Learning) programs offer a wide range of courses, from Diplomas, Advanced Diplomas, Bachelor's Degrees to Master's Degrees, in diversified disciplines such as Business Computing, Technology Management, Business Administration and Nursing, that are highly in demand under the prevailing globalisation trend. Through Informatics Capstone (Flexi-Learning) programmes, students with local qualifications are able to globalise their qualifications. The programmes offer students anywhere in the world a unique pathway to earn internationally recognised degrees from the convenience of their own countries, and at an affordable price. With Capstone's or Flexi-Learning approach, students can further their studies, without having to sacrifice any opportunity to acquire relevant work experience at the same time. In so doing, they will enhance their employability.

2. *The Capstone (Flexi-Learning) programs are bird flu-proof.*

In the event of a flu pandemic, Informatics is fully prepared to make a seamless switch to its Informatics Virtual e-Campus. As the bird flu spreads to more and more countries and as the number of cases of transmission of the flu to human beings increases, the risk of a flu pandemic breaking out rises with each passing day. Informatics has therefore prepared itself and its students for such an eventuality. Informatics offers the flexibility of allowing the students to switch swiftly from face-to-face tutorials to e-learning mode, if a serious flu outbreak were to require them to study at home. For foreign students, they could stay in their hostels or return to their home countries and still continue with their lessons by making the seamless switch. With the Group's large foreign student population coming from many countries, the contingency plan against a crippling flu outbreak gives these students a peace of mind that their heavy investment in an education in Singapore will not go down the drain. About half of Informatics' students come from more than a dozen other countries, including Nigeria, China, Myanmar, Vietnam, Indonesia, Malaysia, India, Bangladesh, Pakistan and South Korea.

Informatics' ability to switch seamlessly to e-learning mode if a flu pandemic breaks out is very important, now that it is a global school house with an extensive global network of franchises, anyone of whom may be hit by a flu outbreak. All its centres spanning Asia, Middle East, Africa, and other regions are fully prepared to make the seamless switch at a snap of the fingers. Informatics students will be able to very quickly make the seamless switch because its IT system is very user friendly. Students, course facilitators and backend administrators will be able to communicate and interact freely with each other online, while safely separated physically. As it is, many students have been able to complete their entire courses online and many of them have found their online learning experience in Informatics a wonderful one. However, Informatics will make the switchover only in the event of a full-blown flu outbreak when quarantines and travel restrictions are imposed.

1.3. Through-Train Pathway from Diploma to Degree Completion

Informatics is the first in the region that launched the unique Through-Train Pathway from Foundation Studies to a degree programme. The direct and accelerated Through-Train route starts from Foundation Studies, Diploma, Advanced Diploma, and directly to the final year undergraduate programme of reputable and internationally recognised universities in the UK and Australia. Students who fared well will then be given the option to pursue their postgraduate degree in the same university.

1.4. Diploma and Advanced Diploma in Networks and Cybersecurity

The Diploma and Advanced Diploma in Networks and Cybersecurity, is launched in collaboration with the world renowned International Council of E-Commerce Consultants (EC-Council). Following the success of our Cybersecurity certification programmes by EC-Council worldwide, we have taken this further by offering the pathway to a degree - the Bachelor of Information Technology from the University of Southern Queensland (Australia).

With rising threats of cyber-terrorism, cyber-hacking and the concerns of network security, there is increasing demand for well-qualified network and Internet security professionals in the marketplace. The main focus of these courses is to equip students with strong IT foundation and up-to-date technical competencies for gaining insights into the current and future IT network and security environment.

1.5. Diploma and Advanced Diploma in Gaming and Animation Technology

Singapore is determined to build a content creation industry here as the industry is estimated to generate more than 10,000 new jobs. The launch of these courses is thus in sync with Singapore's aim to become a media hub.

The courses, which place 60% emphasis on Gaming and 40% on Animation, cover topics

like graphics, sound editing, 3D modelling and animation, as well as programming. For gaming modules, students are taught the techniques of creating game production documents such as storyboard, scheduling, production plans, marketing and budgeting.

Upon completion of the two 1-year programmes, students can progress directly to the final year of the BSc (Hon) in Computer Games Software Engineering offered by the prestigious and internationally recognised Northumbria University, UK. The focus of these courses will be on developing exciting projects that can be showcased to employers. With the skills acquired, students not only can create their own arcade, mobile phone and PDA games, but also educational games and advergames – the next big thing in advertising.

1.6. Six-Month Degree Completion Programme – Bachelor of Science in Computing

This six-month degree completion programme from the University of Portsmouth is specially designed for students in the computer science and related disciplines. Students with relevant advanced diploma qualification and work experience in an information technology environment will be granted exemptions for the first two years of the degree programme, and will be offered a place in the final year, where three core modules can be completed in a minimum of 6 months. Students may continue to pursue a Master's Degree from the University of Portsmouth after the completion of the six-month Degree programme, if they have a minimum of 5 years of working experience. Students with less than 5 years of working experience can pursue an Honours degree by completing an additional three modules in a minimum of 6 months.

1.7. Strategic Direction

The growth of Informatics Singapore lies in leveraging on the power of its Flexi e-Learning programmes, as well as continuing to tap and grow its international network covering more than 50 countries, so as to attract foreign students to

study at Informatics Campus. While expanding our foreign student population from existing markets, we will go into new markets to recruit foreign students as well. Informatics can customise its programmes and service delivery to cater to the different demands of international markets.

Our strength lies in the flexibility of our programme delivery in all markets, particularly with regard to our Capstone programmes (Flexi-Learning), which integrate both online learning and classroom tutorials. This is the growth area for Informatics.

The Informatics Campus has also strengthened Informatics Group's leading position in the private education scene in Singapore and elevated the standard of our academic excellence to a greater height.

2. INFORMATICS MALAYSIA

Incorporated in 1984, Informatics Malaysia's pioneer IT training institution. Today, we have a network of 10 centres throughout Malaysia offering a wide range of programmes from training certification right up to post graduate level. Areas of study cover IT, A Level, business administration, engineering, hospitality, tourism, sales and marketing. These programmes are recognized by internationally acclaimed foreign universities and institutions in the U.K., America and Australia.

Informatics Malaysia is proud to continuously produce outstanding graduates. Recently, Informatics graduates have won the Gold and Bronze Outstanding Student Awards for Bachelor of Science in Computing conferred by London Metropolitan University, UK. In keeping abreast with the changing times, we will soon be launching a new cutting-edge programme in games design.

Informatics is amongst the leaders in the delivery of quality corporate training, be it in IT or soft-skills. In Malaysia, we have the largest chain of authorized training centres for AutoDesk. In addition, we are also the authorized training centres for AutoDesk. In addition we are also the authorized training partners for Adobe, ORACLE and Project Management Institute.

Our clients include leading Malaysian companies and multinationals corporations. These range from automotive, manufacturing, hypermarkets, to FMCG's organizations. Amongst them, notably, is the largest bank in Malaysia.

Informatics is also one of the select few training and education institutions to be awarded the license by the Malaysian government to conduct skill-based training. This is in line with the government's initiative to not only ensure that its graduates are gainfully employed but also to help Malaysia develop into a society of knowledge workers.

We have in the past year conducted numerous trainings throughout Malaysia under the government's scheme to re-train unemployed graduates. The objective of this training is to equip graduates with up to date industry relevant skills-sets which includes business communications, and sales & marketing. IT graduates were given the option to pursue internationally recognized certification programmes such as CCNA, CCNP and MCSE to enable them to be more job relevant.

Informatics Malaysia has the distinction of being one of the largest network of authorized examination centres for Prometrics International. Prometrics International is a leading e-platform organization for certification examinations. This partnership allows internal and external students the ease and flexibility to take their examinations at their convenience in an informatics centre closest to them.

In our continuous quest to meet and exceed the expectations of discerning students, Informatics Malaysia successfully organized training programmes on teaching and learning methodologies for our academic staff. The most recent training programme on instructional design was conducted and facilitated by an international renowned consultant. This training provided an excellent platform for lecturers to understand, practice and internalize the programme. The application of these latest teaching-learning methodologies in turn ensures that the learning process in our classrooms is more interactive, fun, creative and effective.

The years ahead looks exciting and promising for share-holders and stake-holders alike. Our positive outlook is driven by a new and focused direction which is strongly supported by clear strategies and executed by an experienced and dynamic management team. With such a determined mindset and a renewed esprit de corps in place, Informatics Malaysia is confident of soaring to even greater heights.

3. INFORMATICS HONG KONG

Established in 1992, Informatics Hong Kong offers programmes ranging from diploma to undergraduate and postgraduate degree completions, and from technical training to management training for individual professionals and corporations. Informatics Hong Kong has also played an active role in organizing and participating in various community activities. The company has been awarded the Caring Company Logo for three consecutive years since 2003. Informatics Hong Kong has operations in Mongkok (Informatics College), Tsimshatsui (Informatics Open Institute) and Admiralty (Informatics Professional Development Centre).

Informatics Hong Kong's International Advanced Diploma in Business Administration is especially designed for lifelong learners as a bridge to study business degree programmes. Informatics HK also has some international professional certification trainings in areas like IT, business management, finance, soft skills and language to meet the needs of working professionals who are keen to gain additional knowledge and skills related to their jobs.

The Company has also tied up with some professional bodies in organise new programmes for the industry specialists. This would help position Informatics strongly in the market. In the following year, Informatics Scholarship will be one of the highlighted plans, which aims to subsidise people with chronic illness and/or disabilities to pursue further studies. This would fulfill our role as a caring company and a corporate citizen.

4. INFORMATICS CHINA

Established since 1993, Informatics China is a dynamic and integral part of Informatics Group strategy. Informatics China is one of the earliest Chinese-Foreign Cooperatively-Run Schools approved by China's Ministry of Education. Informatics China received the PCEC "Best Foreign Award" for 4 consecutive years from 1995 to 1999. This award recognises the excellent performance of the college in various areas, including quality of teaching and services, job opportunities for graduates and goodwill towards society. In the year 2000, the college received the ISO9001 Quality Management Award. To date, Informatics China has several franchisees and has trained more than 20,000 graduates.

5. SINGAPORE INFORMATICS COMPUTER INSTITUTE (PVT) LTD - SRI LANKA

Singapore Informatics Computer Institute (PVT) Ltd (SICI) was established since 1994 and is a dynamic and integral part of parent company Informatics Holdings Limited (IHL). SICI is one of the most reputable private education providers in Sri Lanka, offering programmes from diploma to undergraduate and postgraduate degree completions.

6. NCC EDUCATION (UK)

For 30 years, NCC Education has been bringing international qualifications to local students through its network of Accredited Partners. From headquarters in Manchester, UK, NCC Education has 300 education centres in over 45 countries. Although wholly owned by Informatics, NCC Education is run autonomously. Since its inception, more than 1 million graduates had passed through NCC Education's doors, and the influx of students continues unabated. Indeed, a student registers with NCC Education every 2.5 minutes.

NCC Education was set up in Singapore in 1986 and now it has 5 centres here, offering high quality British educational qualifications and assessments in IT, business and English language.

CORPORATE GOVERNANCE

The Board of Directors (“BOD”) of Informatics Holdings Ltd (“Company”) recognises the importance of corporate governance and good business practices and hence has adopted processes and systems to ensure the proper levels of overview, guidance and separation of interests and duties.

The following report describes the current measures, corporate governance policies and practices of the Company, which unless otherwise stated, were also prevailing during the financial year 2006 (“Year”).

1. Board’s Conduct of Its Affairs

The Board sets the overall business direction and objectives of the Company. The Board reviews and decides 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, payment of dividends and other distribution to shareholders.

2. Board Composition & Balance

The Board has nine members, comprising three executive directors and six non-executive directors, three of whom are independent as follows:

- (1) Tan Sri Dato’ Seri Vincent Tan Chee Yioun – Non-Executive Chairman
- (2) Mr Valentine Philip Ortega – Acting CEO and Executive Director
- (3) Mr Wong Wee Woon – Executive Director
- (4) Ms Tong Chiu Fai – Executive Director
- (5) Dato’ Mohd Annuar Bin Zaini – Non-Executive Director
- (6) Mr Freddie Pang Hock Cheng – Non-Executive Director
- (7) Prof. Chew Soon Beng @ Teo Soon Beng – Independent Director
- (8) Mr Anderson Tang Siu Ki – Independent Director
- (9) Mr Ung Gim Sei – Independent Director

The current Board comprises members with diverse corporate and business experience who, as a group, provide the requisite skills, knowledge and experience relevant to the business of the Company. Detailed information on the directors’ experience and qualifications can be found on pages 12 to 15. The Company’s Articles of Association (“the Articles”) require all directors to retire once in every 3 years. The Executive Director, being an employee of the Company, is employed on terms which allow termination by notice.

The Board conducts quarterly board meetings. In addition, ad-hoc meetings would be convened as circumstances require. The Articles allow the holding of board meetings to include conducting any of them by way of telephone conference or video-conference.

To assist the Board in the discharge of its responsibilities, the Board has established various committees which include the following:

- (1) Audit & Risk Management Committee (formerly known as Audit Committee);
- (2) Remuneration and Strategic Human Resource Committee;
- (3) Nominating Committee; and
- (4) Banking Committee.

Each of these Committees functions within clearly defined terms of reference and operating procedures which are reviewed on a regular basis. The Chairman of each Committee is headed by a non-executive director and each Committee consists of four directors including the Chairman. These Committees have to submit their respective reports with their recommendations for consideration by the Board.

The attendance of the directors at Board and Board Committees meetings for the Year under review were as follow:

2. Directors' Attendance in FY 2006

Name of Directors	Number of Meetings Attended in the Year			
	Board of Directors	Audit Committee	Nominating Committee	Remuneration & Strategic HR Committee
Total Number of Meetings Held	9	12	5	4
Tan Sri Dato' Seri Vincent Tan Chee Yioun	4	-	-	1
Dr Michael Teng Yeow Heng* (resigned on 31st March 2006)	9	-	-	4
Dr Wong Tai (resigned on 29th July 2005)	4	-	1	-
Dato' Mohd Annuar Bin Zaini	5	-	-	-
Mr Freddie Pang Hock Cheng	9	8	4	4
Prof. Neo Boon Siong (resigned on 13th July 2005)	2	2	-	-
Mr Anderson Tang Siu Ki	9	12	4	-
Mr Ung Gim Sei	9	11	5	4
Mr Wong Wee Woon (appointed on 1st March 2006)	-	-	-	-
Prof. Chew Soon Beng (appointed on 1st March 2006)	-	-	-	-
Mr Valentine Philip Ortega (appointed on 31st March 2006)	-	-	-	-
Ms Tong Chiu Fai (appointed on 31st March 2006)	-	-	-	-

* Dr Michael Teng Yeow Heng is presently the Adviser to the Board of Directors of the Company

3. Chairman & Chief Executive Officer

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.

There is a clear division of responsibilities for the Chairman and Chief Executive Officer to ensure an appropriate balance of power. The Chief Executive Officer is responsible for the day-to-day management of all line and staff operations of the Company, the overall financial performance and for the direct implementation of the policies for all aspects of the Company's operations as set out by the Board.

The current Acting Chief Executive Officer of the Company does not have any family ties to the Chairman.

4. Board Membership

Appointments of:

- Members of the Board of Directors including their reappointment;
- Members of the Audit and Risk Management Committee; and
- Chief Executive Officer including any other officer by whatever name called who has responsibilities and functions similar to any of the above officers; are nominated by the Nominating Committee and approved by the Board.

5. Nominating Committee

The Nominating Committee (NC) comprises of three independent directors and one non-executive director as follows:

- (1) Mr Ung Gim Sei – Chairman – Independent Director
- (2) Mr Anderson Tang Siu Ki – Independent Director
- (3) Prof. Chew Soon Beng @ Teo Soon Beng – Independent Director
- (4) Mr Freddie Pang Hock Cheng – Non-Executive Director

The NC evaluates the Board's performance, and adopts both quantitative and qualitative criteria in its assessment. It also considers the composition of the Board and assesses its degree of independence. All independent directors are required to declare that they were independent of management and not having any conflict of interest. NC is also required to review whether there was a right mix of expertise, experience and skills in the Board. More importantly, NC would pay particular attention to the efficient and effective operation of the Board in guiding the management. Issues such as whether the Board has spent appropriate amount of time deliberating the long term strategy and performance of the management, and has assisted the management in setting clear and well understood policies and action plans were to be reviewed. Brainstorming sessions have been organized for the Board members and senior management on the overall business directions and planning to focus on a common objective.

The duties and responsibilities of the NC include the following:

- Review the composition of the Board to ensure there is a required mix of expertise, skills, attributes and capabilities from its members;
- Identify, consider and recommend suitable candidate required for appointment to the Board, taking into account the company's objectives and the Board's requirements;

- Review of the independence of each Independent Director and to ensure that at least one-third of the Board members are independent;
- Assist the Board in setting up the procedure and criteria in assessing the effective performance of the Board as a whole and the contribution of each Director;
- Review and recommend the re-appointment of Board members;
- Review the nomination for appointment of Executive Director and other officer who has responsibilities and functions similar to any of the Executive Director; and
- Arrange orientation and education programme for members of the Board with respect to the Company's business and its management.

6. Access to Information

Guidance will be given to new directors on the requirements under the Listing Manual of the Singapore Exchange Securities Trading Limited and other Singapore Law on disclosure of interest, restrictions on dealing in securities, duties and responsibilities of directors. Directors are continually updated on changes in the requirements including relevant accounting standards. The Company Secretary, to whom the directors have independent access, keeps the Board apprised of relevant laws, regulations and changes thereto. The directors have the authority to seek independent professional advice at the Company's expense.

7. Remuneration & Strategic Human Resources

The Remuneration and Strategic Human Resource Committee consist of four directors:

- (1) Mr Freddie Pang Hock Cheng – Chairman – Non-Executive Director
- (2) Mr Ung Gim Sei – Independent Director
- (3) Prof. Chew Soon Beng @ Teo Soon Beng – Independent Director
- (4) Mr Valentine Philip Ortega – Acting CEO and Executive Director

The Remuneration and Strategic Human Resource Committee makes recommendations and assists in attracting, retaining and rewarding well-qualified people to serve the Company, by pegging remuneration and benefits at competitive market rates. Accordingly, the duties and responsibilities of the Committee include:

- reviewing and advising the Board of Directors on the terms of appointment and remuneration of its members and senior management of the Company;
- reviewing the working environment and succession planning for management;
- reviewing with management the terms of the employment arrangements so as to develop consistent group-wide employment practices subject to regional differences; and
- recommending the total allocation of the share options to the directors and employees of the Company.
- determine the number of shares to be offered share options to the directors and employees of the company.

8. Level & Mix of Remuneration

From time to time, directors' fees and the base salaries of employees are reviewed to ensure that they are at sufficiently competitive levels. A compensation system is in place to reward employees based on merit and performance through annual merit service increments and profit sharing. The Company's share option scheme for directors, senior management and executives, which serves as a long-term incentive plan for more senior-level is also based on merit and individual performance.

9. Disclosure of Remuneration

The remuneration of the directors and its top 5 key executives (who are not directors of the Company) is as follows:

Name	Remuneration Band (S\$)	Performance		Other Benefits (%)
		Salary & Fees (%)	Based Bonuses (%)	
Non-Executive Directors				
Tan Sri Dato' Seri Vincent Tan Chee Yioun	< 250,000	100	–	–
Dato' Mohd Annuar Bin Zaini	< 250,000	100	–	–
Mr Freddie Pang Hock Cheng	< 250,000	100	–	–
Mr Anderson Tang Siu Ki	< 250,000	100	–	–
Mr Ung Gim Sei	< 250,000	100	–	–
Prof. Chew Soon Beng (appointed on 1st March 2006)	< 250,000	100	–	–
Prof. Neo Boon Siong (resigned on 13th July 2005)	< 250,000	100	–	–
Dr Wong Tai (resigned on 29th July 2005)	< 250,000	100	–	–
Executive Directors				
Dr Michael Teng Yeow Heng (resigned on 31st March 2006)	250,000 to 499,999	83	–	17
Mr Valentine Philip Ortega (appointed on 31st March 2006)	< 250,000	89	–	11
Ms Cecilia Tong Chiu Fai (appointed on 31st March 2006)	< 250,000	90	–	10
Mr Wong Wee Woon (appointed on 1st March 2006)	< 250,000	76	–	24

The Top 5 Key Executives' remuneration (executives who are not directors of the Company) was less than S\$250,000 for FY2006.

10. Accountability

The Board is accountable to the Company's shareholders while the management is accountable to the Board.

The management submits monthly operational and financial reports to the Board. In addition to these reports, quarterly, half-yearly and full year accounts are presented by management for review with the Audit and Risk Management Committee. The Committee then presents its findings on these accounts for review and approval by the Board. The Board approves the results and authorizes the management to release the results for public information via SGXNET.

11. Audit & Risk Management Committee

The Audit and Risk Management Committee ("ARMC") carries out the functions set out in the Code of Corporate Governance and Companies Act, Cap. 50, including to review and assess the risk profile of the Group. It was previously known as Audit Committee before 8th May 2006. The ARMC comprises four members, all non-executive directors, and the majority of whom are independent directors. The members are as follows:

- (1) Mr Ung Gim Sei – Chairman and Independent Director
- (2) Mr Anderson Tang Siu Ki – Independent Director
- (3) Prof. Chew Soon Beng @ Teo Soon Beng – Independent Director
- (4) Mr Freddie Pang Hock Cheng – Non-Executive Director

The principal responsibility of the ARMC is to assist the Board in maintaining high standard of corporate governance, particularly by providing an independent review of the effectiveness of the financial reporting process, risk management and internal control systems of the Company. The ARMC has the power to conduct or authorize investigations into any matters within the Committee's scope of responsibility.

In addition, the ARMC seeks 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 purview and authority of the Chief Executive Officer. The ARMC aims to improve the system of operational controls and efficiency through reviews of operational performance matrices for every business sector against established benchmarks. It also oversees special projects such as corporate reengineering review and the implementation of the recommendations arising from such reviews.

The ARMC has held meetings during the Year with both the external auditors and the internal auditors without the presence of the Management.

The ARMC having reviewed the scope and value of the non-audit services provided by external auditors during the Year is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

12. Internal Controls

The ARMC ensures that the management has maintained a sound system of internal controls to safeguard the shareholders' investment and the Company's assets and has reviewed the effectiveness of the internal controls including financial, operational and compliance controls and risk management.

The establishment of Risk Management Unit (RMU) in November 2004, has made substantial headway into the management of the enterprise risks within the Company. The RMU has completed its first phase of the re-engineering project, which involves identification of risks and areas of control across all functional areas that may materially and adversely affect the risk profile of the company. The progress of the RMU is regularly reviewed by the ARMC.

The ARMC will continue to review the external and internal auditor's reports, and the recommendations by the RMU to ensure that there are adequate controls in the Company.

13. Internal Audit

The Company's Internal Auditors would report to the ARMC and to assist the Board in monitoring and managing business risks and internal controls. The ARMC has a duty to review and approve Company's internal audit plan. The results of the audit findings by Internal Audit will also be submitted to the ARMC for review.

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

14. Banking Committee

The Banking Committee comprises four members, three of whom are executive directors and one independent director. The members are as follows:

- (1) Mr Anderson Tang Siu Ki – Chairman – Independent Director
- (2) Mr Valentine Philip Ortega – Acting CEO and Executive Director
- (3) Ms Tong Chiu Fai – Executive Director
- (4) Mr Wong Wee Woon – Executive Director

The committee's primary function is to review and approve the change in bank authorised signatories for all banking accounts maintained with the various banking institutions. The Banking Committee performs the following main functions:

- To review and approve any change in authorized signatories for operating the banking accounts according to the operation needs and the limits set by the board of directors; and
- To ensure proper approval procedures are in place for the bank accounts operations.

15. Communication with Shareholders

The Company recognises the need to communicate with all shareholders on all material business matters affecting the Company. Timely and detailed disclosures are made to the shareholders in compliance with SGX-ST guidelines and the Singapore Companies Act (Cap. 50).

At annual general meetings, shareholders are encouraged to ask questions on the Company'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.

16. Other matters

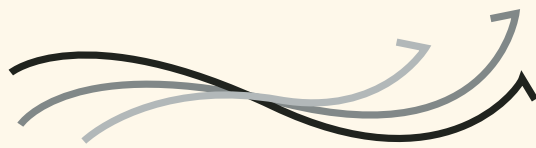
Policy on share dealings has been issued to all directors and employees of the Company, setting out the implications of insider trading and the recommendations of the SGX-ST Best Practices Guide. The Company has also adopted a code of conduct, modeled on the SGX-ST Best Practices Guide, to provide further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

FIVE-YEAR FINANCIAL HIGHLIGHTS

	2006	2005 (Restated)	2004	2003	2002
For The Year (\$'000)					
Turnover	57,024	74,683	134,095	185,371	200,184
(Loss)/profit before taxation	(22,901)	(70,569)	(42,125)	7,268	19,776
(Loss)/profit after taxation before minority interests	(22,818)	(71,284)	(43,959)	5,921	15,340
Net (loss)/profit attributable to shareholders	(22,818)	(70,334)	(42,489)	12,232	21,484
As at 31 March (\$'000)					
Shareholders' funds	(14,772)	(11,110)	40,157	86,894	77,694
Fixed assets	6,546	16,275	22,955	28,856	34,276
Current assets	29,007	25,962	69,192	110,752	79,849
Current liabilities	50,058	53,034	59,188	62,042	46,844
Per Share Data (Cents)					
Net (loss)/earnings	(4.73)	(19.94)	(13.58)	3.91	6.94
Net tangible (liabilities)/assets	(1.89)	(3.13)	11.51	25.66	23.30

GROUP FINANCIAL HIGHLIGHTS

	2006	2005 (Restated)	Change
For the year (\$'000)			
Turnover	57,024	74,683	-24%
Loss before taxation	(22,901)	(70,569)	-68%
Loss after taxation before minority interests	(22,818)	(71,284)	-68%
Net (loss)/profit attributable to shareholders	(22,818)	(70,334)	-68%
As at 31 March (\$'000)			
Shareholders' funds	(14,772)	(11,110)	33%
Fixed assets	6,546	16,275	-60%
Current assets	29,007	25,962	12%
Current liabilities	50,058	53,034	-6%
Financial Ratios (Cents)			
Net Loss	(4.73)	(19.94)	-76%



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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 subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2006.

1. Directors

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

Tan Sri Dato' Seri Vincent Tan Chee Yioun – Non-Executive Chairman

Valentine Philip Ortega – Acting Chief Executive Officer

Freddie Pang Hock Cheng

Dato' Mohd Annuar Bin Zaini

Anderson Tang Siu Ki

Ung Gim Sei

Prof. Chew Soon Beng @ Teo Soon Beng

Wong Wee Woon

Tong Chiu Fai

In accordance with Article 71 of the Company's Articles of Association, Ung Gim Sei and Anderson Tang Siu Ki retire and, being eligible, offer themselves for re-election.

In accordance with Article 75 of the Company's Articles of Association, Valentine Philip Ortega, Prof. Chew Soon Beng @ Teo Soon Beng, Wong Wee Woon and Tong Chiu Fai retire and, being eligible, offer themselves for re-election.

2. Arrangements to enable directors to acquire shares or debentures

Except as described in paragraph 5 below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of 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.

3. Directors' interests in shares or debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
	At the beginning of the financial year or date of appointment	At the end of the financial year	At the beginning of the financial year or date of appointment	At the end of the financial year
The Company				
Informatics Holdings Ltd				
<i>Ordinary shares</i>				
Tan Sri Dato' Seri Vincent Tan Chee Yioun	–	–	113,940,000	227,880,000
Tong Chiu Fai (appointed on 31 March 2006)	–	–	300,000	300,000

3. Directors' interests in shares or debentures (cont'd)

	Held by director					Exercise period
	At the beginning of the financial year or date of appointment	At the end of the financial year	At date of this report	Adjusted exercise price \$		
Options to subscribe for ordinary shares						
Valentine Philip Ortega	75,000	90,517	90,517	0.935	21.08.2002 to 19.08.2006	
	75,000	90,517	90,517	1.325	01.06.2003 to 30.05.2007	
	100,000	120,689	120,689	0.265	29.12.2005 to 28.12.2009	
	–	–	400,000	0.055	01.04.2007 to 31.03.2011	
Tong Chiu Fai	25,000	30,172	30,172	1.210	22.08.2003 to 21.08.2007	
	75,000	90,517	90,517	0.265	29.12.2005 to 28.12.2009	
	–	–	400,000	0.055	01.04.2007 to 31.03.2011	
Wong Wee Woon	120,000	144,827	144,827	0.265	29.12.2005 to 28.12.2009	
	–	–	400,000	0.055	01.04.2007 to 31.03.2011	
Dato' Mohd Annuar Bin Zaini	150,000	181,034	181,034	0.265	29.12.2005 to 28.12.2009	
	–	–	400,000	0.055	01.04.2007 to 31.03.2011	
Freddie Pang Hock Cheng	150,000	181,034	181,034	0.265	29.12.2005 to 28.12.2009	
	–	–	400,000	0.055	01.04.2007 to 31.03.2011	
Anderson Tang Siu Ki	150,000	181,034	181,034	0.265	29.12.2005 to 28.12.2009	
	–	–	400,000	0.055	01.04.2007 to 31.03.2011	
Ung Gim Sei	150,000	181,034	181,034	0.265	29.12.2005 to 28.12.2009	
	–	–	400,000	0.055	01.04.2007 to 31.03.2011	
Dr Michael Teng Yeow Heng (resigned on 31 March 2006)	400,000	482,758	482,758	0.265	29.12.2005 to 28.12.2009	

Note: Both the number of option and exercise price were adjusted in accordance with the deed poll dated 7 September 2004 in connection with the Rights Issue Announcement on 22 March 2005.

3. Directors' interests in shares or debentures (cont'd)

By virtue of Section 7 of the Singapore Companies Act Cap. 50, Tan Sri Dato' Seri Vincent Tan Chee Yioun is deemed to have interests in the shares held by the Company in all its subsidiaries.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

4. Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit 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.

5. 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 subsidiaries as well as non-executive directors of the Company to participate in the equity of the Company.

The Scheme is administered by the Remuneration and Strategic Human Resource Committee (the "Committee") comprising the following members:

Mr Freddie Pang Hock Cheng – Chairman

Mr Valentine Philip Ortega – Acting Chief Executive Officer

Mr Ung Gim Sei – Independent Director

Prof. Chew Soon Beng @ Teo Soon Beng – Independent Director

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 per share shall be of at least \$0.05.

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.

5. Share options (cont'd)

Details of outstanding options to subscribe for ordinary shares 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:

	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 at end of financial year	Options granted subsequent to financial year	Aggregate options outstanding at date of Directors Report
Options to subscribe for ordinary shares								
Valentine Philip Ortega	0.935	21.08.2002 to 19.08.2006	-	90,517	-	90,517	-	-
	1.325	01.06.2003 to 30.05.2007	-	90,517	-	90,517	-	-
	0.265	29.12.2005 to 28.12.2009	-	120,689	-	120,689	-	-
	0.055	01.04.2007 to 31.03.2011	-	-	-	-	400,000	400,000
Tong Chiu Fai	1.210	22.08.2003 to 21.08.2007	-	30,172	-	30,172	-	-
	0.265	29.12.2005 to 28.12.2009	-	90,517	-	90,517	-	-
	0.055	01.04.2007 to 31.03.2011	-	-	-	-	400,000	400,000
Wong Wee Woon	0.265	29.12.2005 to 28.12.2009	-	144,827	-	144,827	-	-
	0.055	01.04.2007 to 31.03.2011	-	-	-	-	400,000	400,000
Dato' Mohd Annuar Bin Zaini	0.265	29.12.2005 to 28.12.2009	-	181,034	-	181,034	-	-
	0.055	01.04.2007 to 31.03.2011	-	-	-	-	400,000	400,000
Freddie Pang Hock Cheng	0.265	29.12.2005 to 28.12.2009	-	181,034	-	181,034	-	-
	0.055	01.04.2007 to 31.03.2011	-	-	-	-	400,000	400,000

5. 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 at end of financial year	Options granted subsequent to financial year	Aggregate options outstanding at date of Directors Report
Anderson Tang Siu Ki	0.265	29.12.2005 to 28.12.2009	-	181,034	-	181,034	-	-
	0.055	01.04.2007 to 31.03.2011	-	-	-	-	400,000	400,000
Ung Gim Sei	0.265	29.12.2005 to 28.12.2009	-	181,034	-	181,034	-	-
	0.055	01.04.2007 to 31.03.2011	-	-	-	-	400,000	400,000
Dr Michael Teng Yeow Heng (resigned on 31 March 2006)	0.265	29.12.2005 to 28.12.2009	-	482,758	-	482,758	-	-

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, the following share options were granted by the Company to directors and employees of the Group pursuant to the Scheme:

Offer date	Period during which options are exercisable	Exercise price \$	Number of options to subscribe for ordinary shares \$
31.03.2006	01.04.2007 to 31.03.2011	0.055	8,080,000

As at 31 March 2006, the outstanding unexercised options granted to directors and employees of the Group are as follows:

Offer date	Period during which options are exercisable	Adjusted exercise price* \$	Number of options to subscribe for ordinary shares
20.08.2001	21.08.2002 to 19.08.2006	0.935	771,288
31.05.2002	01.06.2003 to 30.05.2007	1.325	782,363
21.08.2002	22.08.2003 to 21.08.2007	1.210	30,172
28.12.2004	29.12.2005 to 28.12.2009	0.265	3,202,910
			<u>4,786,733</u>

Note: Both the number of option and exercise price were adjusted in accordance with the deed poll dated 7 September 2004 in connection with the Rights Issue Announcement on 22 March 2005.

5. Share options (cont'd)

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries 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.

6. Whitewash Waiver

In connection with the Rights Issue that was undertaken by the Company and completed on 31 December 2005 (the "Rights Issue"), a Whitewash Waiver was granted by the Securities Industry Council of Singapore whereby Tan Sri Dato' Seri Vincent Tan Chee Yioun ("Tan Sri") and his concert parties are waived from the requirement to make mandatory general offer for the Company under Rule 14 of the Singapore Code on Take-overs and Mergers (the "Code") arising from the acquisition by Tan Sri and his concert parties of right share upon the exercise of warrants issued pursuant to the Rights Issue. Further detail of the Whitewash Waiver and the Rights Issue are set out in the Circular to Shareholders dated 10 November 2005, the Offer Information Statement of the Company dated 14 December 2005, and the Disclosure Notice pursuant to Note 2 on Section 2 of Appendix 1 of the Code, all of which copies can be downloaded from SGX-ST website or obtained from the registered office of the Company.

7. Audit and Risk Management Committee

The Audit and Risk Management Committee comprises four members, all non-executive director and majority of whom are independent directors. The members of the Committee are:

Mr Ung Gim Sei – Chairman and Independent Director

Mr Anderson Tang Siu Ki – Independent Director

Mr Freddie Pang Hock Cheng – Non-Executive Director

Prof. Chew Soon Beng @ Teo Soon Beng - Independent Director

The functions performed by the Committee are detailed in the Report on Corporate Governance.

8. Material contracts

Except for contracts and agreements relating to matters mentioned in Note 9 and 21 of the audited financial statements, there are no other 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.

9. Auditors

Ernst & Young have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors:

Tan Sri Dato' Seri Vincent Tan Chee Yioun
Director

Valentine Philip Ortega
Director

Singapore
16 June 2006

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 201(15)

We, Tan Sri Dato' Seri Vincent Tan Chee Yioun and Valentine Philip Ortega, being two of the directors of Informatics Holdings Ltd, do hereby state that, in the opinion of the directors:

- (a) subject to the ongoing investigations by the Commercial Affairs Department, which might uncover other information and might require adjustments to be made to the financial statements, the accompanying balance sheets, consolidated profit and loss account, statements of changes in equity, and consolidated cash flow statement 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 2006 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors:

Tan Sri Dato' Seri Vincent Tan Chee Yioun
Director

Valentine Philip Ortega
Director

Singapore
16 June 2006

AUDITORS' REPORT

TO THE MEMBERS OF INFORMATICS HOLDINGS LTD

We have audited the accompanying financial statements of Informatics Holdings Ltd (the "Company") and its subsidiaries (collectively, the "Group"), set out on pages 64 to 117, for the year ended 31 March 2006. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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. We believe that our audit provides a reasonable basis for our opinion.

Our audit opinion on the financial statements for the year ended 31 March 2005 were qualified in relation to the possible effects on the revenue and results reported for the year ended 31 March 2005 arising from issues relating to revenue cut-off and completeness of accounting records of two Malaysian subsidiaries during the financial year ended 31 March 2004.

In our opinion, except for the effect on the corresponding figures for 2005 of the adjustments, if any, to the financial statements for the year ended 31 March 2005, of the matters referred to in the preceding paragraph that arose during the financial year ended 31 March 2004,

- (a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (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 2006 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Without qualifying our opinion, we draw attention to the following matters:

- (a) Ongoing investigations

During the financial year ended 31 March 2004, the Company restated profits in respect of its unaudited quarterly results for the nine months ended 31 December 2003. The accounting restatements led to an investigation by the Commercial Affairs Department ("CAD"). The outcome of the investigation might uncover other information, which might require adjustments to be made to the financial statements.

(b) Going concern issues

The financial statements have been prepared on a going concern basis, as set out under the fundamental accounting concept in Note 1. The Group incurred a net loss of \$22,818,000 for the year ended 31 March 2006. As at 31 March 2006, the Group was in a net shareholders' deficit position of \$14,772,000. As at 31 March 2006, the ability of the Group and Company to meet its financial obligations and to continue as going concerns depend on the Group's success in implementing its plans to streamline its business and generating sufficient positive cash flows from its operations.

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

ERNST & YOUNG
Certified Public Accountants

Singapore
16 June 2006

BALANCE SHEETS

AS AT 31 MARCH 2006

(In Singapore Dollars)

	Note	Group		Company	
		2006 \$'000	2005 \$'000 (Restated)	2006 \$'000	2005 \$'000 (Restated)
Non-current assets					
Property, plant and equipment	3	6,546	16,275	549	5,540
Intangible assets	4	32	1,173	-	-
Investments in subsidiaries	5	-	-	3,462	3,165
Investments in associates	6	134	876	86	876
Deferred tax assets	11	307	338	-	-
Trade receivables	8	-	919	-	919
		7,019	19,581	4,097	10,500
Current assets					
Inventories	7	-	119	-	-
Trade and other receivables	8	10,989	18,647	5,427	10,094
Cash and short term deposits	20	18,018	7,196	9,186	2,574
		29,007	25,962	14,613	12,668
Current liabilities					
Bank overdrafts	20	-	256	-	-
Fees received in advance		18,224	12,199	-	74
Trade and other payables	9	31,176	39,428	12,679	12,958
Interest-bearing loans and borrowings	10	250	633	40	440
Provision for tax		408	518	-	-
		50,058	53,034	12,719	13,472
Net current (liabilities)/assets		(21,051)	(27,072)	1,894	(804)
Non-current liabilities					
Other payables	9	-	-	5,697	7,417
Interest-bearing loans and borrowings	10	604	3,522	11	2,603
Deferred tax liabilities	11	136	97	-	-
		(740)	(3,619)	(5,708)	(10,020)
Net (liabilities)/assets		(14,772)	(11,110)	283	(324)
Equity attributable to equity holders of the Company					
Share capital	12	61,469	19,600	61,469	19,600
Share premium		-	22,742	-	22,742
Reserves	13	(76,241)	(53,452)	(61,186)	(42,666)
Total equity		(14,772)	(11,110)	283	(324)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH 2006

(In Singapore Dollars)

	Note	2006 \$'000	2005 \$'000 (Restated)
Operating revenue	14	57,024	74,683
Staff costs	15	(30,310)	(41,788)
Depreciation of property, plant and equipment	3	(3,215)	(5,418)
Other operating expenses		(46,968)	(84,815)
Loss from operations	16	(23,469)	(57,338)
Interest expense	17	(123)	(135)
Interest income	17	187	82
Share of results of associates		(266)	(821)
Loss before taxation and exceptional items		(23,671)	(58,212)
Exceptional items	18	770	(12,357)
Loss before taxation		(22,901)	(70,569)
Taxation	11	83	(715)
Loss for the year		(22,818)	(71,284)
Attributable to:			
Equity holders of the Company		(22,818)	(70,334)
Minority interests		–	(950)
		(22,818)	(71,284)
Loss per share (cents)	19		
Basic		(4.73)	(19.94)
Diluted		(4.73)	(19.73)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2006

(In Singapore Dollars)

Group	Attributable to equity holders of the Company						Minority interests	Total equity
	Share capital \$'000	Share premium \$'000	Employee share option reserve (Note 13) \$'000	Translation reserve (Note 13) \$'000	Revenue reserve \$'000	Total reserve \$'000	\$'000	\$'000
Balance at 31 March 2005, as previously reported	19,600	22,742	-	(2,444)	(51,008)	(53,452)	-	(11,110)
Cumulative effects of adopting FRS 102	-	-	72	-	(72)	-	-	-
Balance at 31 March 2005 as restated	19,600	22,742	72	(2,444)	(51,080)	(53,452)	-	(11,110)
Net loss	-	-	-	-	(22,818)	(22,818)	-	(22,818)
Issue of shares (Note 12)	19,127	-	-	-	-	-	-	19,127
Transfer of share premium reserve to share capital account	22,742	(22,742)	-	-	-	-	-	-
Grant of employee share options	-	-	282	-	-	282	-	282
Exchange differences arising on consolidation	-	-	-	(253)	-	(253)	-	(253)
Balance at 31 March 2006	61,469	-	354	(2,697)	(73,898)	(76,241)	-	(14,772)
Balance at 1 April 2004	15,680	7,676	-	(2,453)	19,254	16,801	4,748	44,905
Net loss	-	-	-	-	(70,334)	(70,334)	(950)	(71,284)
Issue of shares (Note 12)	3,920	15,066	-	-	-	-	-	18,986
Grant of employee share options	-	-	72	-	-	72	-	72
Disposal of subsidiary	-	-	-	-	-	-	(3,743)	(3,743)
Exchange differences arising on consolidation	-	-	-	9	-	9	(55)	(46)
Balance at 31 March 2005	19,600	22,742	72	(2,444)	(51,080)	(53,452)	-	(11,110)

	Attributable to equity holders of the Company						Total equity
	Share capital \$'000	Share premium \$'000	Employee share option reserve (Note 13) \$'000	Translation reserve (Note 13) \$'000	Revenue reserve \$'000	Total reserve \$'000	\$'000
Company							
Balance at 31 March 2005, as previously reported	19,600	22,742	-	-	(42,666)	(42,666)	(324)
Cumulative effects of adopting FRS 102	-	-	72	-	(72)	-	-
Balance at 31 March 2005 as restated	19,600	22,742	72	-	(42,738)	(42,666)	(324)
Net loss	-	-	-	-	(18,802)	(18,802)	(18,802)
Issue of shares (Note 12)	19,127	-	-	-	-	-	19,127
Transfer of share premium reserve to share capital account	22,742	(22,742)	-	-	-	-	-
Grant of employee share options	-	-	282	-	-	282	282
Balance at 31 March 2006	61,469	-	354	-	(61,540)	(61,186)	283
Balance at 1 April 2004	15,680	7,676	-	-	17,679	17,679	41,035
Net loss	-	-	-	-	(60,417)	(60,417)	(60,417)
Issue of shares (Note 12)	3,920	15,066	-	-	-	-	18,986
Grant of employee share options	-	-	72	-	-	72	72
Balance at 31 March 2005	19,600	22,742	72	-	(42,738)	(42,666)	(324)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2006

(In Singapore Dollars)

	Note	2006 \$'000	2005 \$'000
Cash flow from operating activities			
Loss before tax and minority interests		(22,901)	(70,569)
Adjustments:			
Amortisation of intangible assets	4	363	718
Write-off of intangible assets	4	–	77
Depreciation of property, plant and equipment	3	3,215	5,418
Impairment of property, plant and equipment	3	1,062	206
Write-off of property, plant and equipment		–	839
Amortisation of goodwill on consolidation	16	–	38
Impairment of goodwill on consolidation	16	–	2,541
Allowance for doubtful receivables	8	1,457	2,877
Write-off of receivables	16	–	6,186
Allowance for doubtful receivable in relation to joint venture in China	8	4,694	10,036
Gain on disposals of property, plant and equipment	16	(599)	(3,324)
Loss/(gain) on disposal of investment in a subsidiary	16,18	215	(5,281)
Loss on disposal of investment in an associate	16	41	–
Gain on disposal of a business	16,18	(213)	(120)
Gain on disposal of educational investment in the United States of America	18	(770)	–
Impairment loss and allowance for doubtful receivable in relation to an educational investment in the United States of America	18	–	15,794
Impairment of investments in associates	16	197	2,405
Share of results of associates		266	821
Impairment of other investments	16	–	377
Expense of share based payment	15	282	72
Interest expense	17	123	135
Interest income	17	(187)	(82)
Foreign exchange loss	16	129	53
Operating loss before working capital changes		(12,626)	(30,783)

	Note	2006 \$'000	2005 \$'000
Cash flow from operating activities (cont'd)			
Decrease in inventories		119	207
Decrease/(increase) in trade and other receivables		2,092	(11,032)
Increase in restricted fixed deposit		–	(1,050)
Increase in cash held in trust		(1,360)	–
Increase in fees received in advance		6,025	9,820
(Decrease)/Increase in trade and other payables		(4,463)	5,540
Development costs incurred and deferred	4	–	(326)
Cash used in operations		(10,213)	(27,624)
Interest paid	17	(123)	(135)
Interest received	17	187	82
Taxation refund/(paid)		159	(2,354)
Net cash used in operating activities		(9,990)	(30,031)
Cash flow from investing activities			
Purchase of property, plant and equipment	3	(2,341)	(4,478)
Proceeds from disposal of property, plant and equipment		6,949	7,672
Disposal of a subsidiary, net of cash disposed	A	529	(811)
Proceeds from sale of an associate		120	–
Proceeds from sale of a business		1,476	200
Proceeds from disposal of educational investment in the United States of America	18	770	–
Net cash generated from investing activities		7,503	2,583
Cash flow from financing activities			
Proceeds from issuance of shares	12	19,127	18,986
Repayment of finance lease obligations		(95)	(57)
Proceeds from loans and borrowings		–	411
Repayment of loans and borrowings		(3,133)	(13,538)
Proceeds from loan from a director		–	3,256
Repayment of amounts due to a director		(3,295)	–
Net cash generated from financing activities		12,604	9,058
Net increase/(decrease) in cash and cash equivalents		10,117	(18,390)
Cash and cash equivalents at beginning of year	20	5,890	25,573
Effect of exchange rate changes on balances in foreign currencies		(399)	(1,293)
Cash and cash equivalents at end of year	20	15,608	5,890

Note A

The Company disposed off Lambang Saga Sdn Bhd, a wholly owned subsidiary, on 9 May 2005 at \$534,000. The disposal consideration was fully settled in cash.

The value of assets and liabilities of Lambang Saga Sdn Bhd recorded in the consolidated financial statements as at 9 May 2005, and the cash effect of the disposal were :

	\$'000
<i>Disposal</i>	
Property, plant and equipment	1,475
Cash at bank	5
Receivables	98
Payables	<u>(829)</u>
	749
Loss on disposal of a subsidiary (Note 16)	<u>(215)</u>
Total consideration	534
Cash and cash equivalents disposed off	<u>(5)</u>
Cash inflow on disposal	<u>529</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2006

(In Singapore Dollars)

1. Corporate information

The consolidated financial statements of Informatics Holdings Ltd (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 March 2006 and balance sheet of the Company as at 31 March 2006 were authorised for issue in accordance with a resolution of the directors dated on 16 June 2006.

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 Informatics Campus, 12 Science Centre Road, Singapore 609080.

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 Academy", "Thames International", "Informatics Higher Education" and "Informatics Corporate Learning", being sole-proprietorships registered under the name of the Company.

The principal activities of the subsidiaries include:

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

Details of these subsidiaries are shown in Note 5 to the financial statements.

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

Fundamental accounting concept

The financial statements have been prepared on a going concern basis. The Group incurred a net loss of \$22,818,000 for the year ended 31 March 2006 (2005: \$71,284,000). As at 31 March 2006, the Group was in a net shareholders' deficit position of \$14,772,000 (2005: \$11,110,000). As at 31 March 2006, the ability of the Group and Company to meet its financial obligations and to continue as going concerns depend on the Group's success in implementing its plans to streamline its business and generating sufficient positive cash flows from its operations. The Group may need to raise additional funds by issuing equity via another rights issue or private placement. The Group may also consider entering into strategic partnerships to enhance the Group's core business which may entail fresh equity injection into the Company. These efforts may comprise approaching other parties including the Berjaya companies.

If the Group and the Company were unable to continue its operational existence for the foreseeable future, the Group and the Company 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 Group and the Company may have to reclassify long term assets and liabilities as current assets and liabilities. No such adjustments have been made to the financial statements.

During the financial year ended 31 March 2004, the Company restated profits in respect of its unaudited quarterly results for the nine months ended 31 December 2003. The accounting restatements led to an investigation by the Commercial Affairs Department ("CAD"). The outcome of the investigation might uncover other information, which might require adjustments to be made to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2006

(In Singapore Dollars)

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared under the historical cost basis.

The financial statements are presented in Singapore Dollars (SGD or \$) and all values are rounded to the nearest thousand (\$'000) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year, except for the changes in accounting policies discussed below.

(a) Adoption of new FRS

On 1 April 2005, the Group and the Company adopted the following standards mandatory for annual financial periods beginning on or after 1 April 2005:

(i) FRS 39 – Financial Instruments: Recognition and Measurement

The Group and the Company had adopted FRS 39 prospectively on 1 April 2005. At that date, financial assets within the scope of FRS 39 were classified as either financial assets at fair value through profit or loss, or loans and receivables, as appropriate. At that date, the Group classified its deposits and other receivables as loans and receivables which were measured at amortised cost, using effective interest method.

At 1 April 2005, financial liabilities (other than derivative financial instruments) within the scope of FRS 39 were measured at amortised costs using the effective interest rate method. Any differences between the carrying values and amortised cost as at 1 April 2005 were recognised in accumulated profits.

Under the transitional provisions of FRS 39, the change in accounting policy on 1 April 2005 did not result in material adjustments to the financial statements.

(ii) FRS 102 – Share-based Payment

FRS 102 requires the Group to recognise an expense in the profit and loss account with a corresponding entry to equity for share options granted after 22 November 2002 and not vested by 1 January 2005. The total amount to be recognised as an expense in the profit and loss account is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by vesting date. At every balance sheet date, the Group revises its estimates of the number of share options that are expected to vest by the vesting date. Any revision of this estimate is included in the profit and loss account and a corresponding adjustment to equity over the remaining vesting period.

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

(a) Adoption of new FRS (cont'd)

(ii) FRS 102 – Share-based Payment (cont'd)

The application of FRS 102 is retrospective and accordingly, the comparative financial statements are restated and the financial impact on the Group is as follows:

	Increased/ (decreased) by \$'000
Profit for the period April-March 2005	(72)
Profit for the period April-March 2006	(282)
Revenue reserve as at 31 March 2005	(72)
Revenue reserve as at 31 March 2006	(354)
Employee share option reserve as at 31 March 2005	72
Employee share option reserve as at 31 March 2006	354
	Decreased by Cents
Basic and diluted earnings per share for 2004-05	(0.02)
Basic and diluted earnings per share for 2005-06	(0.06)

(b) Adoption of revised FRS

In addition, the Group adopted the following revised standards which did not result in any significant change in accounting policies:

- FRS 1 (revised) – Presentation of Financial Statements
- FRS 2 (revised) – Inventories
- FRS 8 (revised) – Accounting Policies, Changes in Accounting Estimates and Errors
- FRS 10 (revised) – Events after the Balance Sheet Date
- FRS 16 (revised) – Property, Plant and Equipment
- FRS 17 (revised) – Leases
- FRS 21 (revised) – The Effects of Changes in Foreign Exchange Rates
- FRS 24 (revised) – Related Party Disclosures
- FRS 27 (revised) – Consolidated and Separate Financial Statements
- FRS 28 (revised) – Investments in Associates
- FRS 31 (revised) – Interest in Joint Ventures
- FRS 32 (revised) – Financial Instruments: Disclosure and Presentation
- FRS 33 (revised) – Earnings Per Share
- FRS 36 (revised) – Impairment of Assets
- FRS 38 (revised) – Intangible Assets

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2006

(In Singapore Dollars)

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

(c) *FRS and Interpretation of Financial Reporting Standard ("INT FRS") not yet effective*

The Group has not applied the following FRS and INT FRS that have been issued but are only effective for annual financial periods beginning on or after 1 April 2006.

- INT FRS 104 – Determining Whether an Arrangement Contains a Lease

The Group expects that the adoption of the pronouncement above will have no impact on the financial statements in the period of initial application.

The following standards do not apply to the activities of the Group.

- FRS 106 – Exploration for and Evaluation of Mineral Resources
- INT FRS 105 – Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- FRS 40 – Investment Property (effective for annual financial periods beginning on or after 1 January 2007).

2.3 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The carrying amount of the Group's plant and equipment at 31 March 2006 was \$4,311,000 (2005: \$6,136,000). Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

2. Summary of significant accounting policies (cont'd)

2.3 Significant accounting estimates and judgements (cont'd)

(a) *Key sources of estimation uncertainty (cont'd)*

(ii) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payables at 31 March 2006 was \$408,000 (2005: \$518,000).

2.4 Functional and foreign currencies

(a) *Functional currency*

The management has determined the currency of the primary economic environment in which the company operates i.e. functional currency, to be SGD. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in SGD.

(b) *Foreign currency transactions*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the profit and loss account except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiaries, which are recognised initially in a separate component of equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated profit and loss account on disposal of the subsidiary. In the Company's separate financial statements, such exchange differences are recognised in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2006

(In Singapore Dollars)

2. Summary of significant accounting policies (cont'd)

2.4 Functional and foreign currencies (cont'd)

(c) Foreign currency translation

The results and financial position of the foreign operations are translated into SGD using the following procedures:

- (i) Assets and liabilities for each balance sheet presented are translated at the closing rate ruling at that balance sheet date; and
- (ii) Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of transactions.

All resulting exchange differences are recognised in a separate component of equity as foreign currency translation reserve.

On disposal of a foreign subsidiary, the cumulative amount of exchange differences deferred in equity relating to that foreign operation is recognised in the profit and loss account as a component of the gain or loss on disposal.

2.5 Subsidiaries and principles of consolidation

(a) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it 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.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

(b) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Acquisitions of subsidiaries are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

2. Summary of significant accounting policies (cont'd)

2.5 Subsidiaries and principles of consolidation (cont'd)

(b) Principles of consolidation (cont'd)

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. The goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2.8 below.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the profit and loss account on the date of acquisition.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. They are presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated profit and loss account.

2.6 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. This generally coincides with the Group having 20% or more of the voting power, or has representation on the board of directors.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the profit or loss of the associate is recognised in the consolidated profit and loss account. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not co-terminous with those of the Group, the share of results is arrived at from the last audited financial statements available and un-audited management financial statements to the end of the accounting period. Consistent accounting policies are applied for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are accounted for at cost less impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2006

(In Singapore Dollars)

2. Summary of significant accounting policies (cont'd)

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Buildings on freehold and leasehold land	– 50 years or over the remaining period of lease up to maximum of 44 years
Leasehold units	– Over remaining period of lease up to maximum of 32 years
Plant and equipment	– 15 to 20 years
Furniture and fittings, office and computer equipment	– 3 to 10 years
Improvement to premises	– 3 to 5 years
Training aids	– 5 years
Motor vehicles	– 6 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit and loss account in the year the asset is derecognised.

2.8 Intangible assets

(a) Development costs

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 is reviewed at each balance sheet date for impairment when circumstances indicate that the carrying value may not be recoverable.

(b) Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of a subsidiary at the date of acquisition. Goodwill is stated at cost less impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

2. Summary of significant accounting policies (cont'd)

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset (i.e. an intangible asset with an indefinite useful life, an intangible asset not yet available for use, or goodwill acquired in a business combination) is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the profit and loss account as 'impairment losses' or treated as a revaluation decrease for assets carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for that same asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the profit and loss account unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the profit and loss account is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

The Group does not reverse in a subsequent period, any impairment loss recognised for goodwill.

2.10 Financial assets

Financial assets within the scope of FRS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

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2. Summary of significant accounting policies (cont'd)

2.10 Financial assets (cont'd)

(a) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in the profit and loss account.

The Group does not designate any financial assets not held for trading as financial assets at fair value through profit and loss.

(b) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

2.11 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and at banks 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. These also include bank overdrafts that form an integral part of the Group's cash management.

Cash on hand and in banks and short-term deposits which are held to maturity are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.10.

2.12 Trade and other receivables

Trade and other receivables, including amounts due from subsidiaries and associates, and loans to subsidiaries are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.10.

An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.13 below.

2.13 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(a) Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the profit and loss account.

2. Summary of significant accounting policies (cont'd)

2.13 Impairment of financial assets (cont'd)

(a) Assets carried at amortised cost (cont'd)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the profit and loss account, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(b) Assets carried at costs

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the estimated realisable amount. Such impairment losses are not reversed in subsequent periods.

2.14 Inventories

Inventories 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.

2.15 Trade and other payables

Liabilities for trade and other amounts payable, which are normally settled on 30-90 days term, and due to subsidiaries and associates are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised as well as through the amortisation process.

2.16 Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised as well as through the amortisation process.

2.17 Borrowing costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

NOTES TO THE FINANCIAL STATEMENTS

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2. Summary of significant accounting policies (cont'd)

2.18 Derecognition of financial assets and liabilities

(a) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- (i) The contractual rights to receive cash flows from the asset have expired;
- (ii) The group retains the contractual rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- (iii) The group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option on the transferred asset, the extent of the group's continuing involvement is the amount of the transferred asset that the group may repurchase, except that in the case of a written put option on an asset measured at fair value, the extent of the group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (a) the consideration received (including any new asset obtained less any new liability assumed) and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in the profit and loss account.

(b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit and loss account.

2.19 Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) where, 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. Where the group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit and loss account net of any reimbursement.

2. Summary of significant accounting policies (cont'd)

2.19 Provisions (cont'd)

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.20 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

(c) Employee share option plans

The Group has in place a Share Option Scheme for the granting of options to eligible employees to subscribe for shares in the Group. The exercise price approximates the market value of the shares at the date of grant. Details of the plans are disclosed in Note 15 to the financial statements.

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which the share options are granted. In valuing the share options, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company.

The cost of equity-settled transactions is recognised, together with a corresponding increase in the employee share option reserve, over the period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the profit and loss account for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

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2. Summary of significant accounting policies (cont'd)

2.20 Employee benefits (cont'd)

(c) Employee share option plans (cont'd)

The Group has taken advantage of the transitional provisions of FRS 102 in respect of equity-settled awards and has applied FRS 102 only to equity-settled awards granted after 22 November 2002 that had not vested on or before 1 January 2005.

2.21 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease term at fair value of the leased asset or, if lower, at the present value of the minimum lease payments. 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. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the lessor retains substantially all the risks and rewards of ownership of the asset, are classified as operating leases.

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2.22 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(a) Franchise fees

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.

(b) Royalties, examination, interest and commission

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

Interest income from investments and fixed deposits is recorded using the effective interest rate method and recognised on an accrual basis unless collectibility is in doubt.

2. Summary of significant accounting policies (cont'd)

2.22 Revenue recognition (cont'd)

(c) *Course fees*

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.

(d) *Rendering of services*

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.

(e) *Dividend income*

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

Group turnover excludes intercompany transactions and turnover of associates.

2.23 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised in the profit and loss account over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to the profit and loss account over the expected useful life of the relevant asset by equal annual instalments.

2.24 Income taxes

(a) *Current tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

(b) *Deferred tax*

Deferred income tax is provided using the liability method on 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 liabilities are recognised for all taxable temporary differences, except:

- (i) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

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

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore Dollars)

2. Summary of significant accounting policies (cont'd)

2.24 Income taxes (cont'd)

(b) Deferred tax (cont'd)

- (i) Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognised directly in equity is recognised in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- (i) Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- (ii) Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2. Summary of significant accounting policies (cont'd)

2.25 Segment information

(a) Business Segment

For management purposes, the Group is organised on a world-wide basis into three 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.

(b) Geographical segment

The analysis of revenue by area of original sale is derived by allocating revenue to the area in which the sale was made.

3. Property, plant and equipment

	Freehold land \$'000	Freehold buildings \$'000	Leasehold land and buildings \$'000	Leasehold units \$'000	Plant and equipment \$'000	Furniture and fittings, office equipment \$'000	Improvement to premises \$'000	Training aids \$'000	Motor vehicles \$'000	Total \$'000
Group										
Cost										
At 1 April 2004	1,998	4,088	6,328	4,369	1,222	44,989	12,797	2,418	1,693	79,902
Additions	-	-	-	-	-	1,912	2,337	82	347	4,678
Disposals/write-off	(86)	(291)	-	(3,635)	(1,210)	(7,961)	(6,082)	(125)	(1,014)	(20,404)
Exchange differences on consolidation	-	(119)	-	-	-	(241)	(168)	(4)	(13)	(545)
Arising from disposal of subsidiaries	-	-	-	-	-	(4,190)	(97)	-	(10)	(4,297)
Reclassification	-	-	-	-	-	(39)	4	-	35	-
At 31 March 2005 and 1 April 2005	1,912	3,678	6,328	734	12	34,470	8,791	2,371	1,038	59,334
Additions	-	-	-	-	-	1,219	1,017	20	85	2,341
Disposals/write-off	(230)	(326)	(6,328)	(247)	-	(9,828)	(4,170)	(1,416)	(359)	(22,904)
Exchange differences on consolidation	-	71	-	-	-	17	52	-	3	143
Arising from disposal of subsidiaries	(987)	(713)	-	-	(12)	(213)	(315)	-	-	(2,240)
At 31 March 2006	695	2,710	-	487	-	25,665	5,375	975	767	36,674

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(In Singapore Dollars)

3. Property, plant and equipment (cont'd)

	Freehold land \$'000	Freehold 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
Accumulated depreciation and impairment										
At 1 April 2004	-	651	1,283	1,266	713	39,420	10,798	1,909	907	56,947
Charge for the year	-	76	115	65	70	3,546	992	376	178	5,418
Disposals/write-off	-	(75)	-	(1,061)	(771)	(7,392)	(5,153)	(219)	(616)	(15,287)
Exchange differences on consolidation	-	(13)	-	-	-	(241)	(155)	(2)	(7)	(418)
Impairment loss	-	-	206	-	-	-	-	-	-	206
Arising from disposal of subsidiaries	-	-	-	-	-	(3,728)	(79)	-	-	(3,807)
Reclassification	-	-	-	-	-	(83)	-	118	(35)	-
At 31 March 2005										
and 1 April 2005	-	639	1,604	270	12	31,522	6,403	2,182	427	43,059
Charge for the year	-	56	86	20	-	1,968	817	124	144	3,215
Disposals/write-off	-	(78)	(1,714)	(115)	-	(9,652)	(3,363)	(1,413)	(219)	(16,554)
Exchange differences on consolidation	-	8	(4)	-	-	10	47	-	1	62
Impairment losses	220	814	28	-	-	-	-	-	-	1,062
Arising from disposal of subsidiaries	-	(177)	-	-	(12)	(212)	(315)	-	-	(716)
At 31 March 2006	220	1,262	-	175	-	23,636	3,589	893	353	30,128
Net book value										
At 31 March 2006	475	1,448	-	312	-	2,029	1,786	82	414	6,546
At 31 March 2005	1,912	3,039	4,724	464	-	2,948	2,388	189	611	16,275

3. Property, plant and equipment (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 vechicles \$'000	Total \$'000
Company								
Cost								
At 1 April 2004	5,741	4,470	1,146	3,034	429	1,597	989	17,406
Additions	-	-	-	9	-	88	337	434
Disposals	-	(3,635)	-	(578)	(61)	(148)	(701)	(5,123)
Property, plant and equipment written off	-	-	(1,146)	(806)	(265)	-	-	(2,217)
As at 31 March 2005 and 1 April 2005	5,741	835	-	1,659	103	1,537	625	10,500
Additions	-	-	-	242	-	-	-	242
Disposals	(5,741)	(835)	-	(216)	(89)	-	(115)	(6,996)
At 31 March 2006	-	-	-	1,685	14	1,537	510	3,746
Accumulated depreciation and impairment								
At 1 April 2004	1,120	1,271	678	2,606	374	1,279	486	7,814
Charge for the year	115	56	70	278	43	276	114	952
Disposals	-	(1,058)	-	(541)	(54)	(101)	(449)	(2,203)
Property, plant and equipment written off	-	-	(748)	(801)	(260)	-	-	(1,809)
Impairment losses	206	-	-	-	-	-	-	206
As at 31 March 2005 and 1 April 2005	1,441	269	-	1,542	103	1,454	151	4,960
Charge for the year	86	10	-	166	-	62	93	417
Disposals	(1,321)	(279)	-	(211)	(89)	-	(74)	(1,974)
Impairment losses	(206)	-	-	-	-	-	-	(206)
At 31 March 2006	-	-	-	1,497	14	1,516	170	3,197
Net book value								
At 31 March 2006	-	-	-	188	-	21	340	549
At 31 March 2005	4,300	566	-	117	-	83	474	5,540

NOTES TO THE FINANCIAL STATEMENTS

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3. Property, plant and equipment (cont'd)

Included in the property, plant and equipment of the Group and the Company are the following:

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
(i) Net book value of office equipment and/or motor vehicles acquired under hire purchase arrangements (Note 10)	181	237	175	214
(ii) Net book value of assets mortgaged to banks and financial institution for financial facilities				
- freehold land/buildings and leasehold buildings/units (Note 10)				
(a) RM Loan 1	1,343	2,332	-	-
(b) RM Loan 2	-	114	-	-
(c) RM Loan 3	-	1,474	-	-
(d) SGD Loan	-	4,831	-	4,831

4. Intangible assets

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Cost				
At beginning of year	7,833	7,584	925	1,002
Additions	-	326	-	-
Disposals	(3,347)	-	-	-
Write-off	(925)	(77)	(925)	(77)
Exchange difference on consolidation	(511)	-	-	-
At end of year	3,050	7,833	-	925
Accumulated amortisation and impairment				
At beginning of year	6,660	6,103	925	892
Amortisation for the year (Note 16)	363	718	-	33
Disposals	(2,561)	-	-	-
Write-off	(925)	-	(925)	-
Exchange differences on consolidation	(519)	(161)	-	-
At end of year	3,018	6,660	-	925
Net carrying amount	32	1,173	-	-

Intangible assets relate to development costs in developing in-house software, new courses and the accompanying materials.

5. Investments in subsidiaries

	Company	
	2006 \$'000	2005 \$'000
Unquoted equity shares, at cost	66,450	67,381
Impairment losses	(62,988)	(64,216)
Carrying amount of investments	3,462	3,165

Name of company (country of incorporation and place of business)	Principal activities	Effective equity held by the Group		Cost of investment by the Company	
		2006 %	2005 %	2006 \$'000	2005 \$'000
Held by the Company					
① Informatics Group (Singapore) Pte Ltd (Singapore)	Computer and business education and training, business management consultancy and child development	100	100	725	725
① PurpleTrain.com Pte Ltd (Singapore)	Operation of e-learning portal providing e-learning for higher education, corporations and education services	100	100	50	50
θ Informatics YLG Pte Ltd (Singapore)	Dormant	100	100	586	586
① Informatics Children Education Pte Ltd (Singapore)	Dormant	100	100	315	315
θ ICS Pte Ltd (Singapore)	Dormant	100	100	3,195	3,195
θ SIU Recruitment Centre Pte Ltd (Singapore)	Dormant	100	100	464	464
s Thames Resources Pte Ltd (Singapore)	Struck off	–	100	–	61
θ Informatics Regional Applied Computing Centre Pte Ltd (Singapore)	Dormant	100	100	557	557
s Informatics Centre For Marketing and Management Pte Ltd (Singapore)	Struck off	–	100	–	174
s Informatics Young Learners Group Pte Ltd (Singapore)	Struck off	–	100	–	–

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5. Investments in subsidiaries (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	
			2006	2005	2006	2005
			%	%	\$'000	\$'000
Held by the Company						
s	LMN Education Pte Ltd (Singapore)	Struck off	–	100	–	696
⑦	Thames Advancement Pte Ltd (Singapore)	Dormant	100	100	384	384
##②	Citinetics Sdn Bhd (Malaysia)	Computer education and training	100	100	–	–
⑦	Thames Centre Pte Ltd (Singapore)	Dormant	100	100	510	510
②	Futurekids Learning Centre Sdn Bhd (Malaysia)	Dormant	100	100	284	284
t	Stance Sdn Bhd (Malaysia)	Dormant	100	100	52	52
②	Informatics Resource Corporation Sdn Bhd (Malaysia)	Computer education and training, educational and business management consultancy	100	100	14,054	14,054
②	Informatics Resources Group (M) Sdn Bhd (Malaysia)	Educational and business management consultancy	100	100	2,327	2,327
%②	Informatics Computer Centre Sdn Bhd (Malaysia)	Educational training and training facilities	100	100	1,182	1,182
③	PT Informatics Rigtenders Indonesia (Indonesia)	Dormant	60	60	632	632
②	Singapore Informatics Computer Institute (Pvt) Ltd (Sri Lanka)	Computer education and training	100	100	788	788
④	Informatics (HK) Ltd (Hong Kong)	Computer education and training	100	100	776	776
t	Informatics (Shanghai) Ltd (Hong Kong)	Dormant	100	100	909	909
④	PurpleTrain (HK) Ltd (Hong Kong)	Dormant	100	100	@	@
④	Informatics (North China) Ltd (Hong Kong)	Dormant	100	100	215	215

5. Investments in subsidiaries (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	
		2006	2005	2006	2005
		%	%	\$'000	\$'000
Held by the Company					
⑥ Informatics Group (Europe) Limited (United Kingdom)	Investment holding	100	100	37,851	37,851
θ 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
s Informatics, Inc. (United States of America)	Struck off	–	100	–	–
				66,450	67,381
Held by the subsidiaries					
s NCC Services (S.E.Asia) Pte Ltd (Singapore)	Struck Off	100	100	–	–
tt Lambang Saga Sdn Bhd (Malaysia)	Property investment	–	100	–	–
② Informatics Smarter Education Sdn Bhd (Malaysia)	Dormant	70	70	–	–
t Informatics Training (Sarawak) Sdn Bhd (Malaysia)	Dormant	100	100	–	–
② Informatics Open Learning Services Sdn Bhd (Malaysia)	Investment holding	100	100	–	–
② IAHE Consultants Sdn Bhd (Malaysia)	Dormant	100	100	–	–
② PurpleTrain.com (M) Sdn Bhd (Malaysia)	Dormant	100	100	–	–
##② Institute Sarjana Sdn Bhd (Malaysia)	Dormant	100	100	–	–
##② Informatics Training Technology Sdn Bhd (Malaysia)	Computer education and training	100	100	–	–
##② Informatics Perkasa Sdn Bhd (Malaysia)	Computer education and training	100	100	–	–
⑤ NCC Education (M) Sdn Bhd (Malaysia)	Computer education and training	100	100	–	–

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(In Singapore Dollars)

5. Investments in subsidiaries (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		
		2006	2005	2006	2005	
		%	%	\$'000	\$'000	
Held by the subsidiaries (cont'd)						
④ Informatics Professional Training Limited (Hong Kong)	Dormant	100	100	-	-	
⑥ NCC Education Limited (United Kingdom)	Educational and business management consultancy	100	100	-	-	
⑥ Informatics Investments Limited (United Kingdom)	Investment holding	60	60	-	-	
t I-Skills Alliance Limited (United Kingdom)	Investment holding	-	100	-	-	
t Thames Consulting Group Sdn Bhd (Malaysia)	Dormant	100	100	-	-	
t Computer Assisted Learning Centre Sdn Bhd (Malaysia)	Dormant	100	100	-	-	
t Twin Unity Sdn Bhd (Malaysia)	Dormant	72	72	-	-	
⑧ NCC Beijing Consultancy Co., Ltd (People's Republic of China)	Computer education and training	100	100	-	-	

@ Denotes less than \$1,000.

% This represents the Group's effective interest in Informatics Computer Centre Sdn Bhd. The Company holds a 85% (2005: 85%) direct interest in Informatics Computer Centre Sdn Bhd and the remaining 15% (2005: 15%) is held through a subsidiary.

① Audited by Ernst & Young, Singapore.

② Audited by associated firms of Ernst & Young, Singapore.

③ Audited by S. Mannan, Sofwan, Adnan & Rekan.

④ Audited by PriceWaterhouseCoopers, Hong Kong.

⑤ Audited by KPMG, Malaysia.

⑥ Audited by Tenon Audit Limited, United Kingdom.

⑦ Audited by Kong, Lim & Partners, Singapore.

⑧ Audited by Salustro Zhongrui, People's Republic of China.

θ Not required to be audited by the laws of the country of incorporation.

t Liquidated/under members' voluntary liquidation.

tt Disposed during the year.

s Struck off during the year.

Deemed subsidiaries whereby the Company holds full management control and responsibility over all financial and operating activities of these companies.

6. Investments in associates (cont'd)

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Unquoted equity shares, at cost	4,300	6,955	4,229	5,100
Group's share of post-acquisition results and reserves	(1,856)	(3,674)	–	–
	2,444	3,281	4,229	5,100
Impairment loss	(2,310)	(2,405)	(4,143)	(4,224)
Carrying amount of investments	134	876	86	876

Name of company (country of incorporation and place of business)	Principal activities	Effective equity held by the Group		Cost of investment by the Company	
		2006 %	2005 %	2006 \$'000	2005 \$'000
Held by the company					
©v ^① IAF Pte Ltd (Singapore)	Management of computer training schools in the Peoples' Republic of China	30	30	270	270
tt IIHE Pte Ltd (Singapore)	Management of computer training schools in the Peoples' Republic of China	–	40	–	553
t United Info Summit Pte Ltd (Singapore)	Management of business and computer training schools in Myanmar	–	40	–	548
©v Info-Millennium Pte Ltd (Singapore)	Management of computer training schools in the Peoples' Republic of China	40	40	252	252
t IGHT Pte Ltd (Singapore)	Management of computer training schools in Cambodia	–	40	–	318
©v PT Triaksara Saraswati (Indonesia)	Management of computer training schools in Indonesia	20	20	172	172
^{®v} ^② Informatics Holdings Philippines Inc (Philippines)	Investment holding	40	40	1,487	1,487
©v De Chazal Du Mee Informatics Ltd (Mauritius)	Computer education and training	20	20	101	101
©v ^③ Edutech Informatics India Ltd (India)	Computer education and training	23	23	1,310	1,310
©v Berjaya Informatics Sdn Bhd (Malaysia)	Computer and education training	30	30	89	89

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(In Singapore Dollars)

6. Investments in associates (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	
		2006	2005	2006	2005
		%	%	\$'000	\$'000
Held by the company (cont'd)					
v④ Singa Training Ltd (Myanmar)	Management of computer training schools	40	-	548	-
©v PT Lifelong Learning, Indonesia (Indonesia)	Computer education and training	36	-	-	-
				4,229	5,100

Held by subsidiaries

t Multimedia Computer Assisted Learning Ltd (Hong Kong)	Struck off	-	40	-	-
©v Informatics (Macau) Limited (Macau)	Computer education and training	40	40	-	-

v These associates are not significant as defined under Rule 718 of the SGX-ST Listing Manual.

① Audited by Kong, Lim & Partners, Singapore

② Audited by Sycip Gorres Velayo & Co., Philippines

③ Audited by Rakesh Garg & Associate, India.

④ Audited by Shwe Bin & Associates, Myanmar.

t Liquidated/under members' voluntary liquidation.

tt Disposed during the year.

© Associates not accounted for using equity method since FY2005 as the Company does not have any form of significant influence and long term commitment for these investments. The Company has already initiated intention to step down from the Board of associates. Full impairment has been made against these investments.

* Associate not accounted for using equity method since FY2006 as the Company does not have any form of significant influence and long term commitment for the investment. The Company is also looking into divesting its interest with its existing joint venture partner. Full impairment has been made against this investment.

6. Investments in associates (cont'd)

The summarised financial information of the associates are as follows:

	Group	
	2006	2005
	\$'000	\$'000
Assets and liabilities:		
Current assets	77	6,626
Non-current assets	222	2,139
Total assets	299	8,765
Current liabilities	74	4,397
Non-current liabilities	–	2,179
Total liabilities	74	6,576
Results:		
Revenue	228	4,267
Loss for the year	(11)	(687)

7. Inventories

Finished goods, at net realisable value

– 119

8. Trade and other receivables

	Group		Company	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Trade and other receivables (current)				
Trade receivables	16,706	23,521	6,199	10,985
Other receivables	9,458	26,096	2,278	19,833
Deposits	1,150	1,891	162	90
Prepayments	1,235	1,649	116	127
Staff loans	18	5	–	2
Amounts due from subsidiaries	–	–	1,767	2,218
Amounts due from associates	212	340	223	338
Loan to subsidiaries	–	–	–	1,224
	28,779	53,502	10,745	34,817
Allowance for doubtful receivables:				
Trade receivables	(12,800)	(16,854)	(3,963)	(6,942)
Other receivables	(4,990)	(18,001)	(1,355)	(17,781)
	10,989	18,647	5,427	10,094
Trade receivables (non-current)				
	–	919	–	919

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8. Trade and other receivables (cont'd)

Trade receivables

Trade receivables are non-interest bearing and are generally on a 30 days term. They are recognised on their original invoice amounts which represents their fair values on initial recognition.

As at 31 March 2006, the composition of net trade receivables in foreign currency is as follows:

	Group	
	2006	2005
	\$'000	\$'000
United States Dollars	1,227	3,957
British Pounds	1,165	1,984
Malaysian Ringgit	214	119
Hong Kong dollars	364	624

Other receivables

Other receivables are non-interest bearing and have an average term of one month.

Related parties receivables

Amounts due from subsidiaries and associates and loans to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Allowance for doubtful receivables

An impairment loss of \$6,151,000 (2005: \$12,913,000) was recognised in the profit and loss account subsequent to a debt recovery assessment performed on trade receivables and other receivables as at 31 March 2006 (Note 16).

9. Trade and other payables

	Group		Company	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Trade and other payables (current)				
Trade payables	3,613	7,412	267	697
Deposits received	1,076	1,199	537	878
Other payables	3,173	2,684	911	1,325
Deferred franchise fees	1,638	3,177	1,635	3,150
Deferred income	1,523	3,192	3	38
Accrued operating expenses	19,032	17,231	5,651	3,295
Due to subsidiaries	-	-	3,599	3,575
Due to associates	21	286	-	-
Loan from a director of the Company	-	3,256	-	-
Provision for withholding tax	1,100	991	76	-
	31,176	39,428	12,679	12,958

9. Trade and other payables (cont'd)

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Other payables (non-current)				
Due to subsidiaries	–	–	5,697	7,417

Trade payables

Trade payables are non-interest bearing and normally settled on 30 days term.

As at 31 March 2006, the composition of trade payables of the Group in foreign currency is as follows:

	Group	
	2006 \$'000	2005 \$'000
United States Dollars	7	448
Australian Dollars	1,567	1,692
British Pounds	1,002	1,630
Hong Kong dollars	438	546

Other payables

Other payables are non-interest bearing and have an average term of one month.

Related parties payables

These amounts due to subsidiaries and associates are unsecured, interest-free and repayable on demand except for the amount due to subsidiaries of \$5,697,000 (2005: \$7,417,000) which is not expected to be repaid within the next 12 months.

Loans from a director of the Company which are interest-free, were fully repaid as at financial year end.

10. Interest-bearing loans and borrowings

	Effective interest rates	Maturities	Group		Company	
			2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Current						
Obligations under finance lease (secured)	2.8	2006	46	95	40	90
Bank loans:						
RM bank loan 1 (secured)	8.0	2006	204	188	–	–
SGD bank loan (secured)	2.5	2006	–	350	–	350
			250	633	40	440

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10. Interest-bearing loans and borrowings (cont'd)

	Effective interest rates	Maturities	Group		Company		
			2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	
Non-current							
Obligations under finance lease (secured)	2.8	2009	18	64	11	51	
Bank loans:							
RM bank loan 1 (secured)	8.0	2011	586	758	-	-	
RM bank loan 2 (secured)	8.0	2010	-	76	-	-	
RM bank loan 3 (secured)	8.0	2007	-	72	-	-	
SGD bank loan (secured)	2.5	2015	-	2,552	-	2,552	
			604	3,522	11	2,603	

Obligations under finance lease

Lease terms range from 1 to 5 years with options to purchase at the end of the lease term.

RM Bank Loan 1

The RM bank loan carries an interest rate of 2% per annum above the bank's base lending rate on monthly rest. The loan is repayable on monthly basis over 13 years commencing on 1 August 1996.

This loan is secured by first legal charge over freehold land and buildings, with net book value as at 31 March 2006 totalling \$1,343,000 (2005: \$2,332,000) (Note 3(ii)(a)).

RM Bank Loan 2

The RM bank loan carries an interest rate of 2% per annum above the bank's base lending rate. The loan is repayable on monthly basis over 15 years commencing in October 2001. The loan is secured by a first legal charge over the freehold land and building of the subsidiary with net book value totalling \$114,000 (Note 3(ii)(b)) as at 31 March 2005. The loan was fully settled during the year.

RM Bank Loan 3

The RM bank loan carries an interest rate of 1.75% per annum above the bank's base lending rate on yearly rest. The loan is repayable on monthly basis over 15 years commencing in April 1992. The loan is secured by a first legal charge over the freehold land and building of the subsidiary with net book value totalling \$1,474,000 (Note 3(ii)(c)) as at 31 March 2005. The loan was fully settled during the year.

SGD Bank Loan

The interest rates of the loan are as follows:

- 3.50% per annum (fixed) for the first year;
- 3.75% per annum (fixed) for the second year; and
- at 0.75% above the bank's enterprise rate for third year onwards.

The bank loan is repayable on monthly basis over 10 years commencing 8 February 2005. The facility was secured by a first year mortgage over certain of the Company's leasehold properties with net book value totalling \$4,831,000 (Note 3(ii)(d)) as at 31 March 2005. The SGD bank loan was fully settled in February 2006.

11. Income tax

(a) Major components of income tax expense

The major components of income tax expense for the year ended 31 March 2006 and 2005 are:

	Group	
	2006	2005
	\$'000	\$'000
Current tax		
- current year	35	208
- (over)/under provision in respect of prior year	(246)	233
Deferred tax		
- current year	22	(37)
Foreign tax	106	294
	(83)	698
Share of tax of associates	-	17
Income tax expense recognised in the profit and loss account	(83)	715

(b) Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rates for the years ended 31 March 2006 and 2005 are as follows:

	Group	
	2006	2005
	\$'000	\$'000
Loss before taxation	(22,901)	(70,569)
Tax at the applicable tax rate of 20% (2005: 20%)	(4,580)	(14,114)
Adjustments:		
Different tax rates in other countries	(994)	(733)
Income not subject to taxation	(1,748)	(2,321)
Non-deductible expenses	2,828	5,090
Deferred tax assets not recognised	4,427	12,242
(Over)/under provision in respect of previous years	(246)	233
Foreign tax	106	294
Others	124	24
Income tax expense recognised in the profit and loss account	(83)	715

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(In Singapore Dollars)

11. Income tax (cont'd)

(c) Deferred income tax

Deferred tax assets as at 31 March 2006 related to the following:

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Excess of depreciation over capital allowances	233	210	-	-
Unutilised tax losses of overseas subsidiaries	-	52	-	-
Other deductible temporary differences	74	76	-	-
	<u>307</u>	<u>338</u>	<u>-</u>	<u>-</u>

Deferred tax liabilities as at 31 March 2006 related to the following:

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Accelerated depreciation for tax purposes	138	99	-	-
Other temporary differences	(2)	(2)	-	-
	<u>136</u>	<u>97</u>	<u>-</u>	<u>-</u>

The Group has deductible temporary differences and unutilised tax losses of \$3,663,000 and \$34,389,000, respectively (2005: \$6,700,000 and \$15,865,000) 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.

12. Share capital

	Group and Company			
	No. of shares '000	2006 \$'000	No. of shares '000	2005 \$'000
Issued and fully paid :				
Balance as at 1 April	392,000	19,600	313,600	15,680
Issued during the year	392,000	19,127	78,400	3,920
Transfer of share premium reserve to share capital	-	22,742	-	-
Balance as at 31 March	<u>784,000</u>	<u>61,469</u>	<u>392,000</u>	<u>19,600</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.

On 30 January 2006, in accordance with the Companies (Amendment) Act 2005, the concepts of "par value" and "authorised capital" were abolished and on that date, the shares of the company ceased to have a par value. In addition, the amounts standing in the share premium reserve had become part of the Company's share capital.

12. Share capital (cont'd)

During the year, the Company issued 392,000,000 new Rights Shares (as defined in the Offer Information Statement dated 14 December 2005) of par value of \$0.05 each at an issue price of \$0.05 each with 195,999,994 free detachable warrants (W110108). Each warrant carries the right to subscribe for one new ordinary share of par value \$0.05 each at an exercise price of \$0.05 for each new share, on the basis of 2 rights shares with 1 free warrant for every 2 existing ordinary shares of \$0.05 each in the capital of the Company. These warrants are exercisable within 5 years from the date of issue of warrants on 12 January 2006 and expiring on 8 January 2011. As 168 warrants were exercised during the year, this resulted in an outstanding balance of 195,999,826 for Warrants W110108 as well as 784,000,168 ordinary shares as at end of the year.

During the year, the Company has also listed an additional 13,014,352 warrants, pursuant to the adjustment made in accordance with the deed poll dated 7 September 2004 constituting the warrants issued in 2004 (W090930) in connection with the Rights Issue announcement on 22 March 2005. This resulted in the outstanding balance of 91,414,352 for Warrants W090930 with an adjusted exercise price of \$0.22 as at end of the year (31 March 2005: 78,400,000 with an ex-adjusted price of \$0.25).

As at 31 March 2006, there were 4,786,733 unexercised options to subscribe for ordinary shares (31 March 2005: 13,510,000) under the scheme of the Group.

13. Reserves

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Translation reserve ^(a)	(2,697)	(2,444)	–	–
Employee share option reserve ^(b)	354	72	354	72
Revenue reserve	(73,898)	(51,080)	(61,540)	(42,738)
Total reserves	(76,241)	(53,452)	(61,186)	(42,666)

(a) Translation reserve

The translation reserve is used to record exchange differences arising from the translation of the financial statement of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(b) Employee share option reserve

	Group 2006 \$'000	Company 2006 \$'000
As at 1 April 2005,		
- as previously reported	–	–
- effects of adopting FRS 102 (Note 2.2(a)(ii))	72	72
As at 1 April 2005, as restated	72	72
Cost of share-based payment (Note 15)	282	282
As at 31 March 2006	354	354

Employee share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options.

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14. Operating revenue

	Group	
	2006	2005
	\$'000	\$'000
Training and education income	53,289	71,538
Franchise operations and service income	3,151	2,172
Rental income	584	973
	<u>57,024</u>	<u>74,683</u>

15. Staff costs

	Group	
	2006	2005
	\$'000	\$'000
Staff costs*		
- wages, bonuses and other costs	27,950	38,867
- staff provident fund	2,078	2,849
Expenses of share based payment (a) (Note 13)	282	72
	<u>30,310</u>	<u>41,788</u>

* This includes the amount shown as compensation of key management personnel in Note 21.

(a) Employee share option scheme (the "Scheme")

The Scheme is administered by the Remuneration and Strategic Human Resource Committee comprising the following members:

Mr Freddie Pang Hock Cheng – Chairman

Mr Valentine Philip Ortega – Acting Chief Executive Officer

Mr Ung Gim Sei – Independent Director

Prof. Chew Soon Beng @ Teo Soon Beng – Independent Director

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 \$0.05.

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.

15. Staff costs (cont'd)

Under the Scheme, the options granted, exercised, lapsed during the financial year and outstanding as at 31 March 2006 were as follows:

Year granted	Original exercise price \$	Adjusted exercise price *** \$	Option period	At 1 April 2005	Options cancelled	Options adjustment lapsed	Options ***	At 31 March 2006
2000*	0.858	-	01.09.2001 - 30.08.2005	2,661,000	-	(2,661,000)	-	-
2001*	1.130	0.935	21.08.2002 - 19.08.2006	3,284,000	(2,659,331)	-	146,619	771,288
2002*	1.600	1.325	01.06.2003 - 30.05.2007	3,514,000	(2,904,495)	-	172,858	782,363
2002*	1.460	1.210	22.08.2003 - 21.08.2007	195,000	(170,000)	-	5,172	30,172
2005**	0.320	0.265	29.12.2005 - 28.12.2009	3,856,000	(1,249,212)	-	596,122	3,202,910
				<u>13,510,000</u>	<u>(6,983,038)</u>	<u>(2,661,000)</u>	<u>920,771</u>	<u>4,786,733</u>

* These options are not subjected to the transition provisions of FRS 102 as they were granted on or before 22 November 2002.

** The weighted average fair value of options granted was \$0.1934 (2005: \$0.1934).

*** Both the number of option and exercise price were adjusted in accordance with the deed poll dated 7 September 2004 in connection with the Rights Issue announcement on 22 March 2005.

The fair value of share options as at the date of grant, using a binomial model, taking into terms and conditions upon which the options were granted. The inputs to the model used for the year ended 31 March 2005 are as follows:

	2005
Dividend yield (%)	-
Expected volatility (%)	78.00
Historical volatility (%)	78.00
Risk-free interest rate (%)	2.375
Weighted average share price (\$)	0.330

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into measurement of fair value.

On 31 March 2006, the Company has further offered 9,681,000 options under the Scheme at an exercise price of \$0.055. As at closing date of offer, 8,080,000 options have been accepted.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2006

(In Singapore Dollars)

16. Loss from operations

This is determined after charging the following:

	Group	
	2006	2005
	\$'000	\$'000
Amortisation of intangible assets (Note 4)	363	718
Write-off of intangible assets (Note 4)	-	77
Amortisation of goodwill on consolidation	-	38
Impairment of goodwill on consolidation	-	2,541
Non-audit fees to auditors of the Company	41	188
Write-off of receivables	-	6,186
Gain on disposal of property, plant and equipment	(599)	(3,324)
Impairment of property, plant and equipment (Note 3)	1,062	206
Impairment of investments in associates (Note 6)	197	2,405
Impairment of other investments	-	377
Foreign exchange loss, net	129	53
Allowance for doubtful receivables (Note 8)	1,457	2,877
Allowance for doubtful receivable in relation to joint venture in China (Note 8)	4,694	10,036
Gain on disposal of a business	(213)	-
Loss on disposal of a subsidiary	215	-
Loss on disposal of an associate	41	-
Operating lease expenses	6,406	7,044

17. Interest expense/income

	Group	
	2006	2005
	\$'000	\$'000
Interest expense		
- interest-bearing loans and overdraft	(123)	(135)
Interest income		
- fixed deposits	71	25
- bank interest	116	57
	187	82

18. Exceptional items

	Group	
	2006 \$'000	2005 \$'000
Professional fees incurred to address the misstatement of unaudited quarterly results in prior year ^(a)	–	(1,964)
Impairment loss and allowance for amount in relation to an educational investment in the United States of America	–	(15,794)
Gain on disposal of subsidiaries	–	5,281
Gain on disposal of a business	–	120
Gain on disposal of educational investment in the United States of America ^(b)	770	–
	<u>770</u>	<u>(12,357)</u>

(a) This includes fees paid to auditors of the Company of \$64,000.

(b) On 2 April 2005, Informatics Inc, a wholly owned subsidiary of the Company sold all its owned property, land and assets to Salem International University Inc and Salem International University LLC at the price of US\$500,000 (approximately \$830,000). The divestment was completed on 11 June 2005.

19. Loss per share

Basic earnings per share amounts are calculated by dividing the loss from operations attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the loss from operations attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and loss account and shared data used in the computation of basic and diluted earnings per share from continuing operations for the years ended 31 March:

	Group	
	2006 \$'000	2005 \$'000
Net loss for the year attributable to Members of the Company	(22,818)	(70,334)
	Number of shares	
	2006 '000	2005 '000
Weighted average number of ordinary shares for basic loss per share computation	482,214	352,693
Effect of dilution:		
Share options	–	3,856
Weighted average number of shares adjusted for the effect of dilution	<u>482,214</u>	<u>356,549</u>

4,786,733 (2005: 9,654,000) of share options granted to employees under the existing employee share option plans have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the current and previous financial periods presented.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2006

(In Singapore Dollars)

20. Cash and short term deposits

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Cash at banks and in hand*	10,609	5,426	7,101	1,054
Short term deposits**	7,409	1,770	2,085	1,520
	18,018	7,196	9,186	2,574

Cash at banks with Development Bank of Singapore earns interest at floating rates based on daily bank deposit rates ranging from 0.375% to 1.0938% (2005: 0.125% to 0.4375%). Short term deposits are made for varying periods between one to three months depending on the immediate cash requirements of the Group, and earn interest at the respective fixed deposit rates. The weighted average effective interest rate of short-term deposit is 1.36% (2005: 1.94%).

As at 31 March 2006, the composition of cash at banks and in hand in foreign currency is as follows:

	Group	
	2006 \$'000	2005 \$'000
Australian Dollars	252	21
British Pounds	3,734	1,583
Malaysia Ringgit	249	907
Hong Kong Dollars	1,896	1,131
United States Dollars	529	284
Sri Lanka Rupee	208	102

* With effect from 1 September 2005, one of the subsidiaries is required under Case Trust for Education Scheme to open an escrow bank account where tuition fees paid by its international students are held in trust and disbursed by the escrow bank to the subsidiary according to a predetermined schedule. As at 31 March 2006, the Group has \$1,360,000 (2005: \$ Nil) under the escrow bank account.

** Short term deposits of \$1,050,000 (2005: \$1,050,000) is restricted in use as it is held by a bank as collateral for the issue of a banker's guarantee on behalf of the Company.

Cash and cash equivalents

	Group	
	2006 \$'000	2005 \$'000
Cash at banks and in hand (excludes cash held in trust)	9,249	5,426
Short term deposits (excludes deposits restricted in use)	6,359	720
Bank overdrafts (unsecured)	-	(256)
	15,608	5,890

Bank overdrafts are included in the determination of cash and cash equivalents because they form an integral part of the Group's cash management.

21. Related party disclosures

An entity or individual is considered a related party of the Group for the purposes of the financial statements if:

- (i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or
- (ii) it is subject to common control or common significant influence.

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the year at terms agreed between the parties:

(a) Associates

	Group	
	2006	2005
	\$'000	\$'000
Franchise operations and service income	366	478

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

(b) Compensation of key management personnel

	Group	
	2006	2005
	\$'000	\$'000
Short-term employee benefits	3,367	3,846
Share-based payment	125	44
Total compensation paid to key management personnel	3,492	3,890
Comprise amounts paid to:		
- Directors of the Company	1,152	567
- Other key management personnel	2,340	3,323
	3,492	3,890

The remuneration of key management personnel are determined by the remuneration committee having regard to the performance of individuals and market trends.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2006

(In Singapore Dollars)

21. Related party disclosure (cont'd)

(c) Directors' interest in employee share option scheme:

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:

	Held by director			Exercise period
	At the beginning of the financial year or date of appointment	At the end of the financial year	Adjusted exercise price \$	
Options to subscribe for ordinary shares				
Valentine Philip Ortega	75,000	90,517	0.935	21.08.2002 to 19.08.2006
	75,000	90,517	1.325	01.06.2003 to 30.05.2007
	100,000	120,689	0.265	29.12.2005 to 28.12.2009
Tong Chiu Fai	25,000	30,172	1.210	22.08.2003 to 21.08.2007
	75,000	90,517	0.265	29.12.2005 to 28.12.2009
Wong Wee Woon	120,000	144,827	0.265	29.12.2005 to 28.12.2009
Dato' Mohd Annuar Bin Zaini	150,000	181,034	0.265	29.12.2005 to 28.12.2009
Freddie Pang Hock Cheng	150,000	181,034	0.265	29.12.2005 to 28.12.2009
Anderson Tang Siu Ki	150,000	181,034	0.265	29.12.2005 to 28.12.2009
Ung Gim Sei	150,000	181,034	0.265	29.12.2005 to 28.12.2009

Note: Both the number of option and exercise price were adjusted in accordance with the deed poll dated 7 September 2004 in connection with the Rights Issue Announcement on 22 March 2005.

22. Commitments and contingencies

(a) Commitments

Expenditure contracted for as at balance sheet date but not recognised in the financial statements is as follows:

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
(i) <i>Capital commitments</i>				
Commitments in respect of IT system enhancement	–	231	–	231
(ii) <i>Other commitments</i>				
Commitments in respect of training aids	737	–	737	–

22. Commitments and contingencies (cont'd)

(b) Operating lease commitments – As Lessee

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.

Future minimum lease payments receivable under non-cancellable operating leases as at 31 March are as follows:

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Not later than one year	4,100	4,102	19	181
Later than one year but not later than five years	6,804	7,348	3	725
Later than five years	169	2,439	–	2,221
	11,073	13,889	22	3,127

(c) Finance lease commitments

The Group and Company have finance leases for motor vehicles and office equipment (Note 3). There are no restrictions placed upon the Group and Company by entering into these leases.

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

	2006		2005	
	Minimum payments \$'000	Present value of payments \$'000	Minimum payments \$'000	Present value of payments \$'000
Group				
Not later than one year	49	46	102	95
Later than one year but not later than five years	20	18	69	64
Total minimum lease payments	69	64	171	159
Less: Amounts representing finance charges	(5)	–	(12)	–
Present value of minimum lease payments	64	64	159	159
Company				
Not later than one year	42	40	95	90
Later than one year but not later than five years	12	11	54	51
Total minimum lease payments	54	51	149	141
Less: Amounts representing finance charges	(3)	–	(8)	–
Present value of minimum lease payments	51	51	141	141

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2006

(In Singapore Dollars)

22. Commitment and contingencies (cont'd)

(d) Contingent liabilities

Guarantees

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Guarantee issued to a Director in respect of loan granted to a subsidiary	-	3,256	-	3,256
Corporate guarantee issued to financial institutions for credit facilities granted to subsidiaries	2,929	2,732	2,857	2,661

Financial support

The Company has undertaken to provide continuing financial support to subsidiaries 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.

A subsidiary in the United Kingdom, Informatics Group (UK) Limited ("IGUK") is under liquidation since October 2004. The Company's solicitors have advised that legal liability under the Letters of Comfort is uncertain as at balance sheet date. Although the liquidator of IGUK has not made a claim against the Company under the Letters of Comfort, there is no assurance that the liquidator of IGUK will not make such a claim against the Company in the future. If the liquidator does make such a claim in the future and is successful in its claim, this would have an adverse effect on the financial performance and position of the Group.

Legal claim

Legal suits amounting to approximately RM5,851,137 have been filed against the Company by franchisees for alleged non-fulfilment of the terms of sub-franchise agreements by the Company. In the opinion of the Directors, supported by legal advice, the alleged claims made are unsubstantiated, and accordingly no provision has been made in the financial statements in respect thereof.

Instituto Informatics Mexico S.A. de C.V. ("IMX") is claiming compensatory damages of at least US\$4.1 million against the Company for alleged breaches of its terms and obligations of the Master Franchise Agreement and Reseller Agreement for the territory of Mexico dated 14 November 2003 and Master Franchise Agreement and Reseller Agreement for the territory of Brazil dated 19 March 2004. Based on the legal advice received, the Company is of the preliminary view that it has grounds to challenge and refute the claim by IMX. The Company's lawyers have also formed the preliminary view that the Company has a counterclaim of at least US\$1.1 million against IMX. Both parties are working towards an amicable settlement.

23. Segment information

(a) Analysis by business activities

	Higher Education \$'000	Informatics Corporate Learning \$'000	E-Learning \$'000	Others \$'000	Group \$'000
2006					
Turnover	44,136	8,221	4,157	510	57,024
Operating loss	(21,007)	(1,681)	(399)	122	(22,965)
Interest expense					(123)
Interest income					187
Tax					83
Minority interests					–
Net loss					(22,818)
Assets	28,923	5,388	1,274	–	35,585
Investments in associates					134
Unallocated assets					307
Total assets					36,026
Liabilities	34,618	6,448	8,334	–	49,400
Unallocated liabilities					1,398
Total liabilities					50,798
Capital expenditure	1,946	363	32	–	2,341
Depreciation and amortisation	2,933	546	13	86	3,578
Impairment loss on property, plant and equipment	–	–	–	1,062	1,062
Other non-cash expenses	3,400	633	10	–	4,043

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2006

(In Singapore Dollars)

23. Segment information (cont'd)

(a) Analysis by business activities (cont'd)

	Higher Education \$'000	Informatics Corporate Learning \$'000	E-Learning \$'000	Young Learners Group \$'000	Others \$'000	Group \$'000
2005						
Turnover	45,639	21,239	5,927	307	1,571	74,683
Operating loss	(56,723)	(7,028)	(2,704)	(2,741)	(1,320)	(70,516)
Interest expense						(135)
Interest income						82
Tax						(715)
Minority interests						950
Net loss						(70,334)
Assets	26,912	3,869	8,903	181	4,464	44,329
Investments in associates						876
Unallocated assets						338
Total assets						45,543
Liabilities	37,202	5,354	9,076	251	-	51,883
Unallocated liabilities						4,770
Total liabilities						56,653
Capital expenditure	3,397	1,581	3	23	-	5,004
Depreciation and amortisation	4,053	1,886	92	28	115	6,174
Impairment loss on property, plant and equipment	-	-	-	-	206	206
Other non-cash expenses	20,871	9,713	2,710	140	-	33,434

(b) Analysis by geographical segments

	Turnover \$'000	Assets \$'000	Capital expenditure \$'000
2006			
Singapore	16,921	6,747	1,087
Asia Pacific	24,990	24,543	1,087
Europe	15,113	4,736	167
	57,024	36,026	2,341
2005			
Singapore	19,019	23,731	3,947
Asia Pacific	26,092	13,771	562
Europe	29,572	8,041	495
	74,683	45,543	5,004

24. Financial risk management objectives and policies

The Group's principal financial instruments comprise bank loans and overdraft, finance leases and hire purchase contracts, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

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

(a) *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.

(b) *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.

(c) *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 United States dollars, Australian dollars, 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.

(d) *Credit risk*

The carrying amount of cash and cash equivalents, trade receivables and other receivables 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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2006

(In Singapore Dollars)

24. Financial risk management objectives and policies (cont'd)

(e) Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of cash and short term deposits, current trade and other receivables, bank overdrafts, current trade and other payables and current bank loans, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

Financial instruments carried at other than fair value

Set out below is a comparison by category of carrying amounts and fair values of all the Group and Company's financial instruments that are carried in the financial statements at other than fair values as at 31 March.

	Group				Company			
	Carrying amount		Fair value		Carrying amount		Fair value	
	2006	2005	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:								
Trade receivables, non-current	-	919	-	851	-	919	-	851
Financial liabilities:								
Obligations under finance leases	64	159	62	155	51	141	50	137
Bank loans, non-current	586	3,458	468	2,855	-	2,552	-	2,157

The fair value of trade receivables and interest-bearing 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.

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

25. Comparative figures

Comparatives in the financial statements have been changed from the previous year due to the changes in accounting policies as described in Note 2.2 and to be consistent with current year's presentation.

The following have also been reclassified to better reflect the nature of the balances and to conform to current year's classification:

	Group		Company	
	Restated	Previous	Restated	Previous
	2005	2005	2005	2005
	\$'000	\$'000	\$'000	\$'000
<i>Presented in the Balance Sheets</i>				
Trade debtors	-	6,667	-	4,043
Other debtors, deposits and prepayments	-	11,640	-	2,271
Due from subsidiaries (trade)	-	-	-	1,567

25. Comparative figures (cont'd)

	Group		Company	
	Restated 2005 \$'000	Previous 2005 \$'000	Restated 2005 \$'000	Previous 2005 \$'000
Due from associated companies (trade)	-	309	-	308
Due from subsidiaries (non-trade)	-	-	-	651
Due from associated companies (non-trade)	-	31	-	30
Loans to subsidiaries	-	-	-	1,224
Trade and other receivables	18,647	-	10,094	-
	<u>18,647</u>	<u>18,647</u>	<u>10,094</u>	<u>10,094</u>
Trade creditors	-	7,412	-	697
Other creditors and accrued expenses	-	27,483	-	8,686
Loans from a director of the company	-	3,256	-	-
Due to subsidiaries (trade)	-	-	-	1,443
Due to subsidiaries (non-trade)	-	-	-	2,132
Due to associated companies (trade)	-	3	-	-
Due to associated companies (non-trade)	-	283	-	-
Trade and other payables	39,428	-	12,958	-
Provision for tax	518	1,509	-	-
	<u>39,946</u>	<u>39,946</u>	<u>12,958</u>	<u>12,958</u>
Hire purchase creditors	-	95	-	90
Interest-bearing loans – current portion (secured)	-	538	-	350
Interest-bearing loans and borrowings – current	633	-	440	-
	<u>633</u>	<u>633</u>	<u>440</u>	<u>440</u>
Due to subsidiaries (non-trade)	-	-	-	7,417
Other payables	-	-	7,417	-
Hire purchase creditors	-	64	-	51
Interest-bearing loans – non-current portion (secured)	-	3,458	-	2,552
Interest-bearing loans and borrowings – non-current	3,522	-	2,603	-
	<u>3,522</u>	<u>3,522</u>	<u>10,020</u>	<u>10,020</u>

PORTFOLIO OF PROPERTIES

Address	Area	Purpose	Lease / Freehold
Informatics Children Education Pte Ltd 1 Jalan Anak Bukit #B1-52 Bukit Timah Plaza Singapore 588996	139 sq m	Shop space for rental	Lease 30/8/1976 to 29/8/2075
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
Informatics Resource Corporation Sdn Bhd 443 & 444 Jalan Tun Dr Ismail 70200 Seremban, Negeri Sembilan, Malaysia	882 sq m	2 units of 3-storey shophouse for office cum training school	Lease 19/4/1989 to 18/4/2088
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
Futurekids Learning Centre 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

SHAREHOLDINGS STATISTICS AS AT 15 JUNE 2006

Issued And Fully Paid Capital	:	\$39,200,008.40
Class Of Shares	:	Ordinary Share
Voting Rights	:	One Vote Per Share

ANALYSIS OF SHAREHOLDINGS

Range Of Shareholdings	No. Of		No. Of	
	Shareholders	%	Shares	%
1 – 999	142	2.91	14,772	0.00
1,000 - 10,000	1,961	40.21	10,391,766	1.33
10,001 - 1,000,000	2,734	56.06	250,685,822	31.97
1,000,001 and Above	40	0.82	522,907,808	66.70
	4,877	100.00	784,000,168	100.00

MAJOR SHAREHOLDERS LIST – TOP 20 AS AT 15 JUNE 2006

No.	Name	No. Of Share Held	%
1	CIMB-GK SECURITIES PTE. LTD.	228,050,781	29.09
2	WONG TAI	61,265,304	7.81
3	CITIBANK NOMINEES S'PORE PTE LTD	43,281,200	5.52
4	CHEAH HON KUEN	22,825,616	2.91
5	RAFFLES NOMINEES PTE LTD	15,502,996	1.98
6	UNITED OVERSEAS BANK NOMINEES PTE. LTD.	15,403,500	1.96
7	DBS NOMINEES PTE LTD	14,554,637	1.86
8	DBS VICKERS SECURITIES (S) PTE LTD	12,587,000	1.61
9	ONG BOON KHENG	12,269,000	1.56
10	CHEONG SENG PEOW PETER	11,857,000	1.51
11	OCBC SECURITIES PRIVATE LTD	10,091,000	1.29
12	HSBC (SINGAPORE) NOMINEES PTE LTD	7,628,000	0.97
13	MANNA INVESTMENTS PTE LTD	6,250,000	0.80
14	OCBC NOMINEES SINGAPORE PTE LTD	5,570,000	0.71
15	GOH KIM SENG	4,867,512	0.62
16	SNP CORPORATION LTD	4,200,000	0.54
17	LAU KAU CHIN	4,060,000	0.52
18	TAN AH LEE	4,000,000	0.51
19	PHILLIP SECURITIES PTE LTD	3,898,706	0.50
20	KOH SIONG BAN	3,450,000	0.44
		491,612,252	62.71

WARRANTHOLDINGS STATISTICS

WARRANTS HOLDINGS STATISTICS FOR WARRANT 2009 AS AT 15 JUNE 2006

Each Warrant 2009 carries the rights to subscribe for one new ordinary share at an exercise price of S\$0.22.

ANALYSIS OF WARRANTHOLDINGS

Range Of Shareholdings	No. Of Warrants Holders	%	No. Of Warrants	%
1 - 999	48	3.45	25,377	0.03
1,000 - 10,000	839	60.32	2,998,141	3.28
10,001 - 1,000,000	498	35.80	49,183,571	53.80
1,000,001 and Above	6	0.43	39,207,263	42.89
	1,391	100.00	91,414,352	100.00

MAJOR WARRANTHOLDERS LIST – TOP 20 AS AT 15 JUNE 2006

No.	Name	No. Of Warrants Held	%
1	CIMB-GK SECURITIES PTE. LTD.	26,570,872	29.07
2	PHILLIP SECURITIES PTE LTD	5,891,215	6.44
3	TAN SOO EE	2,779,610	3.04
4	LIM SAY PEAN	1,501,808	1.64
5	MANNA INVESTMENTS PTE LTD	1,457,500	1.59
6	CHEE FOONG MUN	1,006,258	1.10
7	TELEINFO TECHNOLOGY & SERVICES	951,456	1.04
8	LOH CHUIN SEONG	932,800	1.02
9	OCBC SECURITIES PRIVATE LTD	892,404	0.98
10	SOH HOCK POH	819,698	0.90
11	CHIA CHEE KONG	816,200	0.89
12	LIM GNEE KIANG	772,844	0.85
13	DANIEL YONG HOCK DIH	757,900	0.83
14	ONG ZEE LONG	677,446	0.74
15	GOH HOON HOE	664,620	0.73
16	YAP CHIN BOON	621,478	0.68
17	CHONG VOON TECK	583,000	0.64
18	FOO KEAH SIEN	583,000	0.64
19	NG TOONG SENG	583,000	0.64
20	LIM MENG KANG	523,534	0.57
		49,386,643	54.03

WARRANTS HOLDINGS STATISTICS FOR WARRANT 2011 AS AT 15 JUNE 2006

Each Warrant 2011 carries the rights to subscribe for one new ordinary share at an exercise price of S\$0.05.

ANALYSIS OF WARRANTHOLDINGS

Range Of Shareholdings	No. Of Warrants Holders	%	No. Of Warrants	%
1 - 999	68	5.28	17,238	0.01
1,000 - 10,000	519	40.26	3,034,998	1.55
10,001 - 1,000,000	684	53.06	51,655,910	26.35
1,000,001 and Above	18	1.40	141,291,680	72.09
	1,289	100.00	195,999,826	100.00

MAJOR WARRANTHOLDERS LIST – TOP 22 AS AT 15 JUNE 2006

No.	Name	No. Of Warrants Held	%
1	CIMB-GK SECURITIES PTE. LTD.	57,012,500	29.09
2	CITIBANK NOMINEES S'PORE PTE LTD	18,592,000	9.49
3	PHILLIP SECURITIES PTE LTD	15,806,875	8.06
4	DBS VICKERS SECURITIES (S) PTE LTD	10,355,500	5.28
5	HSBC (SINGAPORE) NOMINEES PTE LTD	10,162,500	5.18
6	OCBC SECURITIES PRIVATE LTD	5,373,000	2.74
7	YEO SENG KIA	3,500,500	1.79
8	CHEONG SENG PEOW PETER	3,428,500	1.75
9	ONG BOON KHENG	2,830,524	1.44
10	UNITED OVERSEAS BANK NOMINEES PTE. LTD.	2,404,750	1.23
11	PONG CHAN YONG	2,000,000	1.02
12	CHENG LAI QUEK	1,758,000	0.90
13	LIM SAY PEAN	1,550,000	0.79
14	MANNA INVESTMENTS PTE LTD	1,475,500	0.75
15	DBS NOMINEES PTE LTD	1,437,527	0.73
16	KIM ENG SECURITIES PTE. LTD.	1,325,004	0.68
17	LAU KAU CHIN	1,270,000	0.65
18	TAN KOK TEE TONY	1,009,000	0.52
19	BNP PARIBAS NOMINEES S'PORE PTE LTD	1,000,000	0.51
20	CHIA WAY SENG	1,000,000	0.51
21	LOO KAI LOOI	1,000,000	0.51
22	TAN KHUAN SEO	1,000,000	0.51
		145,291,680	74.13

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS AS AT 15 JUNE 2006

(AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

Name	Direct Interest	Deemed Interest
BERJAYA LEISURE CAPITAL (CAYMEN) LIMITED	208,677,500	-
TAN SRI DATO' SERI VINCENT TAN CHEE YIOUN	-	227,880,000 *
BERJAYA CORORATION BERHAD	-	227,880,000 *
BERJAYA GROUP BERHAD	-	227,880,000 *
HOTEL RESORT ENTERPRISE SDN BHD	-	227,880,000 *
BERJAYA LAND BERHAD	-	208,677,500 **
TERAS MEWAH SDN BHD	-	208,677,500 **
WONG TAI	61,265,304	-

* 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 Berjaya Leisure Capital (Cayman) Limited by virtue of Section 7 of the Companies Act, Cap. 50

SHAREHOLDINGS IN THE HAND OF PUBLIC AS AT 15 JUNE 2006

The percentage of shareholding held in the hands of the public was approximately 63.12% 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 public.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty Third Annual General Meeting of Informatics Holdings Ltd (the “Company”) will be held at Informatics Campus, 12 Science Centre Road, Singapore 609080 on Monday, 31 July 2006 at 1.30 p.m. to transact the following business:

As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the year ended 31 March 2006 together with the Reports of the Directors and Auditors. *(Resolution 1)*
2. To approve the payment of Directors’ Fees of S\$123,750 for the year ended 31 March 2006. [2005: S\$145,000] *(Resolution 2)*
3. To re-elect the following Directors who are retiring pursuant to Article 71 of the Company’s Articles of Association:
 - (a) Mr Ung Gim Sei ^(a) *(Resolution 3)*
 - (b) Mr Anderson Tang Siu Ki ^(b) *(Resolution 4)*
4. To re-elect the following Directors who are retiring pursuant to Article 75 of the Company’s Articles of Association:
 - (a) Prof. Chew Soon Beng @ Teo Soon Beng ^(c) *(Resolution 5)*
 - (b) Mr Valentine Philip Ortega ^(d) *(Resolution 6)*
 - (c) Mr Wong Wee Woon ^(e) *(Resolution 7)*
 - (d) Ms Tong Chiu Fai ^(f) *(Resolution 8)*
5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. *(Resolution 9)*
6. To transact any other business that may be transacted at an Annual General Meeting of which due notice shall have been given.

As Special Business

7. To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

(I) General Mandate to Directors to issue Shares

That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited (the “Listing Rules”), authority be and is hereby given to the Directors of the Company to allot and issue:

- (a) shares; or
- (b) convertible securities; or
- (c) additional convertible securities issued pursuant to Rule 829 of the Listing Rules; or
- (d) shares arising from the conversion of securities in (b) and (c) above,

in the Company (whether by way of rights, bonus or otherwise) at any time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that:

- (i) the aggregate number of shares and convertible securities to be allocated and issued pursuant to this resolution must be not more than 50% of the issued share capital of the Company (calculated in accordance with (ii)), of which the aggregate number of shares and convertible securities issued other than on a pro rata basis to existing shareholders must be not more than 20% of the issued share capital of the Company (calculated in accordance with (ii)); and
- (ii) for the purpose of determining the number of shares and convertible securities that may be issued pursuant to (i), the percentage of issued share capital shall be calculated based on the Company's issued share capital at the time of the passing of this resolution after adjusting for (a) new shares arising from the conversion or exercise of convertible securities; (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this resolution and (c) any subsequent consolidation or subdivision of shares.

Unless revoked or varied by ordinary resolution of the shareholders of the Company in general meeting, this resolution shall remain in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. [see Explanatory Note (g)] *(Resolution 10)*

(II) Mandate to Directors to issue Scheme Shares

That approval be and is hereby given to the Directors to: (a) offer and grant options in accordance with the provisions of The Informatics Group Share Option Scheme ("the Scheme"); and pursuant to Section 161 of the Company Act, Cap. 50, to allot and issue from time to time such number of shares in the capital of the Company (the "Scheme Shares") as may be required to be issued pursuant to the exercise of the options that may be granted under the Scheme provided always that the number of the Scheme Shares available under the Scheme shall not exceed 15% of the issued share capital of the Company from time to time; the aggregate number of Scheme Shares available to Participants who are controlling shareholders of the Company and their associates shall not exceed 25% of the Scheme Shares available under the Scheme and the number of Scheme Shares available to each Participant who is controlling shareholder of the Company or his associates shall not exceed 10% of the Scheme Shares available under the Scheme. [see Explanatory Note (h)] *(Resolution 11)*

BY ORDER OF THE BOARD

CHEN FUI MING
Secretary

Singapore
07 July 2006

Explanatory Notes

- (a) Resolution No. 3, if passed, Mr Ung Gim Sei will continue as Chairman of the Audit & Risk Management Committee and Nominating Committee and a member of the Remuneration & Strategic Human Resource Committee. Mr Ung is considered as an independent director.
- (b) Resolution No. 4, if passed, Mr Anderson Tang Siu Ki will continue as Chairman of the Banking Committee and a member of the Audit & Risk Management Committee and Nominating Committee. Mr Anderson Tang is considered as an independent director.
- (c) Resolution No. 5, if passed, Prof. Chew Soon Beng @ Teo Soon Beng will continue as a member of Audit & Risk Management Committee, Remuneration & Strategic Human Resource Committee and Nominating Committee. He is considered as an independent director.
- (d) Resolution No. 6, if passed, Mr Valentine Philip Ortega will continue as a member of Remuneration & Strategic Human Resource Committee and Banking Committee.
- (e) Resolution No. 7, if passed, Mr Wong Wee Woon will continue as a member of Banking Committee.
- (f) Resolution No. 8, if passed, Ms Tong Chiu Fai will continue as a member of Banking Committee.
- (g) Resolution No. 10, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company. The number of shares and convertible securities that the Directors may allot and issue under this Resolution would not exceed fifty percent (50%) of the issued capital of the Company at the time of the passing of this resolution. For issue of shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed twenty percent (20%) of the issued capital of the Company. The percentage of issued capital is based on the Company's issued capital after adjusting for (a) new shares arising from the conversion of convertible securities or employee share options on issue at the time this proposed Ordinary Resolution is passed, and (b) any subsequent consolidation or subdivision of shares.
- (h) Resolution No. 11, if passed, will empower the Directors to offer and grant options and to issue ordinary shares in the capital of the Company pursuant to The Informatics Group Share Option Scheme (the "Scheme"). The grant of options under the Scheme will be made in accordance with their respective provisions. The aggregate number of ordinary shares which may be issued pursuant to the Scheme is limited to fifteen percent (15%) of the issued ordinary share capital of the Company for the time being pursuant to the exercise of the options under the Scheme.

Notes

1. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
2. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorized officer or attorney.
3. An instrument of proxy must be deposited at the registered office of the Company at Corporate Headquarter (CHQ) Informatics Campus, 12 Science Centre Road, Singapore 609080, not less than 48 hours before the time appointed for the holding of this Meeting or adjourned Meeting.

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INFORMATICS HOLDINGS LTD

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

PROXY FORM

*I/We _____

of _____

being a member/members of INFORMATICS HOLDINGS LTD, (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Share	%
Address			

and/or (delete as appropriate):

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Share	%
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf, if necessary to demand a poll, at the Annual General Meeting of the Company to be held on Monday, 31 July 2006 at 1.30 p.m. and at any adjournment thereof. The proxy is to vote on the business before the Meeting as indicated below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the Meeting.

Please indicate your vote "For" or "Against" with an "X" within the box provided.

No.	Resolutions relating to:	For	Against
1	Receive and adopt the Audited Financial Statements for the financial year ended 31 March 2006 together with the Reports of the Directors and Auditors		
2	Approval of Directors' fees		
3	Re-election of Mr Ung Gim Sei as director		
4	Re-election of Mr Anderson Tang Siu Ki as director		
5	Re-election of Prof. Chew Soon Beng @ Teo Soon Beng as director		
6	Re-election of Mr Valentine Philip Ortega as director		
7	Re-election of Mr Wong Wee Woon as director		
8	Re-election of Ms Tong Chiu Fai as director		
9	Re-appointment of Auditors and authorise Directors to fix their remuneration		
10	General Mandate to Directors to issue Shares		
11	Mandate to Directors to issue Scheme Shares		

Dated this _____ day of _____ 2006

Shares in:	No. of Shares
(a) Depository Register	
(b) Register of Members	

Signature(s) of Member(s) or Common Seal of Corporate Shareholder

IMPORTANT. Please read notes overleaf

IMPORTANT

1. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to vote should contact their CPF Approved Nominee.

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Singapore Companies Act, Cap. 50), you should insert that number of Shares. If you have shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at Corporate Headquarter (CHQ) Informatics Campus, 12 Science Centre Road, Singapore 609080, not less than forty-eight (48) hours before the time appointed for the Annual General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Singapore Companies Act, Cap. 50.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the members, being the appointor, is not shown to have shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Seri Vincent Tan Chee Yioun
Dato' Mohd Annuar Bin Zaini
Mr Freddie Pang Hock Cheng
Prof. Chew Soon Beng @ Teo Soon Beng
Mr Ung Gim Sei
Mr Anderson Tang Siu Ki
Mr Valentine Philip Ortega
Mr Wong Wee Woon
Ms Cecilia Tong Chiu Fai

KEY MANAGEMENT

Mr Valentine Philip Ortega
Ms Cecilia Tong Chiu Fai
Mr Wong Wee Woon
Mr Lawrence Wee Thian Kiong
Mr Lim Wee Kee
Mr Breyvan Tan Kiah Tong
Mr Edwin Lim
Mr Alan Phua Poh Kuay
Ms Mabel Cheung Oi Lin
Ms Catherine Chan Min Kei
Ms Jennifer Jiang Li Ting
Mr Devinda Jayasooriya
Mr James Stewart
Mr Mike Foster
Mr Brendan Webb

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr Ung Gim Sei (Chairman)
Mr Freddie Pang Hock Cheng
Mr Anderson Tang Siu Ki
Prof. Chew Soon Beng @ Teo Soon Beng

REMUNERATION AND STRATEGIC HUMAN RESOURCE COMMITTEE

Mr Freddie Pang Hock Cheng (Chairman)
Mr Ung Gim Sei
Prof. Chew Soon Beng @ Teo Soon Beng
Mr Valentine Philip Ortega

NOMINATING COMMITTEE

Mr Ung Gim Sei (Chairman)
Mr Freddie Pang Hock Cheng
Mr Anderson Tang Siu Ki
Prof. Chew Soon Beng @ Teo Soon Beng

BANKING COMMITTEE

Mr Anderson Tang Siu Ki (Chairman)
Mr Valentine Philip Ortega
Mr Wong Wee Woon
Ms Cecilia Tong Chiu Fai

REGISTERED OFFICE

Informatics Campus
12 Science Centre Road
Singapore 609080
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:
Nagaraj Sivaram (since Financial Year 2005)
10 Collyer Quay
#21-01 Ocean Building
Singapore 049315

BANKERS

Development Bank of Singapore Ltd
6 Shenton Way
DBS Building
Singapore 068809

COMPANY SECRETARY

Ms Chen Fui Ming



Registration No. 198303419G

Informatics Campus, 12 Science Centre Road, Singapore 609080

Tel: (65) 6562 5625 Fax: (65) 6565 1371 Website: www.informaticsgroup.com