ANNUAL
REPORT
2010

# Grooming Global Thought Leaders


informatics
INFORMATICS EDUCATION LTD.

Contents



Vision

## To be a global leader in providing quality education and training services.

Mission

## To educate and train global citizens to make them effective and competent contributors to society.

Core Values

### Student-Centric
We focus in understanding our students and putting them first in everything we do.

### People
We empower our people to be professionals demonstrating the highest standards of ethics and integrity.

### Innovative Culture
We manifest creativity and innovation in our development, delivery of programmes and services.

### Social Responsibility
We strive to be responsible corporate citizens in every society that we operate.

### Results
We endeavour to provide sustainable returns to our stakeholders.

Metamorphosis

The metamorphosis of the butterfly reflects development and transformation and is an apt illustration of our growth and progress. It symbolises the strategic imperatives that we have initiated to better position ourselves for the future.

# Corporate Profile

Established in 1983, Informatics Education Ltd. was founded in response to Asia's economic growth fostering tremendous demands for skilled Information Technology (IT) manpower and knowledge-based workers to build and sustain the rapid economic development in the region.

The Group has grown from strength to strength, expanding rapidly from one centre when it was first established, to a global company with presence in countries spanning Asia Pacific, Africa, Middle East and Europe. Informatics is the first private lifelong learning company to obtain a listing on SGX-Mainboard since May 1993.

Informatics is one of the largest education and training institutes in Asia and a multinational corporation with a global network of 335 centres in 53 countries in Asia, Middle East, Africa and Europe. Informatics offers a wide spectrum of programmes, ranging from foundation programmes to diploma, undergraduate and postgraduate degrees. Over the years, Informatics has built a strong track record for quality programmes in infocomm technology, business, finance, management and language.

Today, Informatics Education Ltd., together with its subsidiaries, NCC Education, Informatics Academy International, Informatics Global Campus, and regional country offices are established global leaders in providing quality education and training services for individuals and corporations.

# Chairman's Message

**Dear Shareholders,**

I am happy to report that the Group has continued on the path of profitability in FY2010. The sustained recovery saw us register a net profit after tax of S$4.0 million, which is a credible performance achieved by the concerted effort of everyone in the Group, in spite of the economic doldrums of the past year.

Underpinning our performance in FY2010 has been the Group's successful positioning as a global education service provider with both depth and breadth across various regions from Asia to Africa, from Middle East to Europe. This is testament to our global orientation, effective teamwork, constant innovation, and our diligence and determination. We were able to extend our global footprint by establishing new centres in Europe, Africa and Asia, enhance the productivity of our centres and licensed partners, strengthen our academic infrastructure, and develop new cutting-edge programmes in fields from business to finance, infocomm technology and computing security.

Geographically, we continue to expand into important cities in key regions in Europe, Africa and Asia. New nodes in our global network of centres have been added in European countries such as Germany, Russia and France, as well as in African and Asian countries such as Tanzania, Iran, Maldives and Botswana. Demand for our courses continued to come from countries such as Nigeria whilst Singapore remains an important stronghold and springboard for the Group. Aside from market growth, we continued to improve upon the management and control of all our 335 centres which are spread across 53 countries.

On the operational front, we continued to enhance the productivity of our campuses and centres with the addition of more industry-relevant courses to our current wide spectrum of programmes. Some of the new programmes that have been put onto the market include professional financial international certifications such as the CFA, FRM and CAIA, and professional computing certifications in the areas of biometrics, computing and accounting forensics and certified ethical hacking, to name just a few. We have also developed Chinese Language, Culture and Business programmes with some of the top universities in China to target the entrepreneurs and professionals wishing to gain competitive knowledge and insights into the culture and conduct of business in the vast Chinese market.

Other than geographical expansion and programme development, one of the key priorities in FY2010 was to continue enhancing our operational efficiency and effectiveness. Our academic infrastructure has become more efficient particularly in using technology to support a whole range of academic activities such as teaching, testing, and assessments. We have also become more effective in rolling out new programmes to new centres at a rapid pace.

**Looking Ahead**

Our view of the global education market remains largely positive and the economic recovery in the last few months points to an encouraging future. As we continue to grow and innovate, the groundwork we have laid over the past years has also made us more resilient as a unit. However, as competition and uncertainty in the world economy increase, we, as a global education service provider, must remain committed to innovation and change. Much work still lie ahead of us as we continue to evolve into a stronger and more nimble organisation, able to respond to the opportunities that are before us.

These opportunities include rising demand for more industry-relevant programmes in key industries and in growing emerging markets, and in innovations that drive greater flexibility in terms of business and programme development, student management operations, programme delivery, assessment, testing and certification.

The theme of this year's annual report is "Grooming Global Thought Leaders", and education is one of the few truly borderless industries anywhere in the world. As technology and trade draws various communities closer, Informatics and its partners remain well-aligned to a common vision – that is to groom students who are able to think globally, act locally and tackle workplace challenges more effectively.

**Note of Appreciation**

In concluding my statement, I would like to record my gratitude to my fellow Directors for their patient guidance and advice. In particular, I would like to thank Datuk Zainun and Mr Anderson Tang, both of whom have resigned from their respective positions as a Non-Executive Director and an Independent Director. I greatly appreciate their valuable counsel and the insights they have brought to the Board and I wish them all the best in their future endeavours.

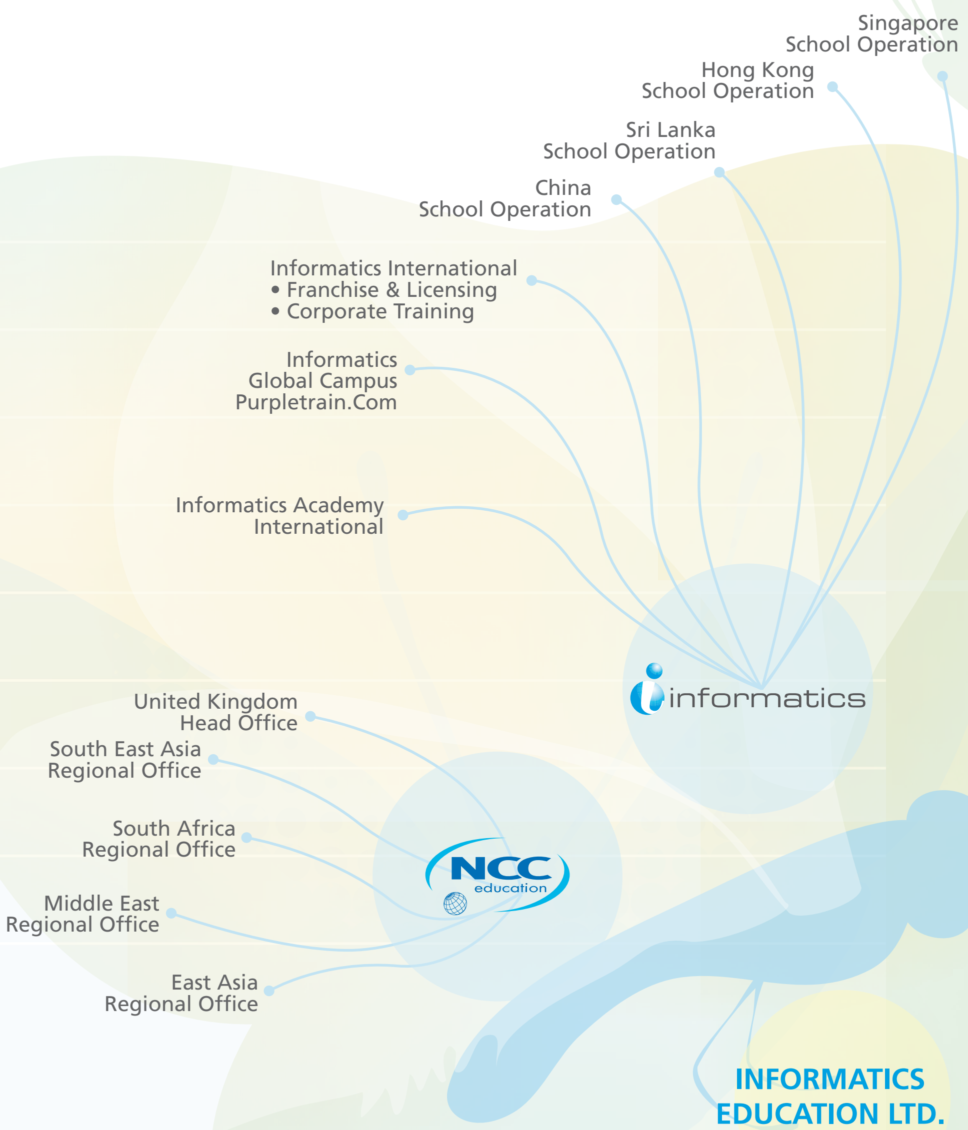
I would also like to extend my appreciation to the management and staff, academic advisers, students, teachers and business partners who have all contributed to the success and growth of Informatics. Last but not least to all our shareholders, I would like to thank you for your continued patience and support for the Group all these years.

I look forward to sharing more good news with all of you as we work hard and strive towards achieving our goal of delivering quality education and grooming global thought leaders of the future.

Thank you.

**Tan Sri Professor Emeritus Dr Abu Hassan Bin Othman**
Chairman

# Group Structure



# Operations Review

## Financial Review

Our Group revenue declined 10% or S$4.3 million from S$43.6 million in FY2009 to S$39.2 million in FY2010. This was mainly due to the continuing consolidation and streamlining of operations which was partly offset by positive growth in the Singapore school operations.

The Group reported a full year profit before tax of S$2.9 million for FY2010, a decrease of S$1.8 million or 39% from S$4.7 million last year. This was mainly caused by the revenue decline and the absence of a S$3.6 million write back of provision for training materials which was recorded the year before. Nonetheless, a S$1.2 million reversal of withholding tax provision created a net tax credit of S$1.1 million for the year. As a result, the Group registered a profit after tax of S$4.0 million, 9% down from S$4.4 million last year.

The decrease in full year profit before tax in FY2010 was partially offset by a S$3.8 million saving in staff costs, a S$1.1 million saving in operating lease expense and depreciation and a S$0.5 million gain on disposal of investment in an associate company.

## Segmental Performance

In FY2010, our Singapore and Hong Kong school operations as well as NCC Education (and its network of centres mainly in Europe), were the main revenue contributors. Singapore contributed S$19 million whilst Asia Pacific (with large part of revenue contributed by our Hong Kong operations) registered a respectable S$8.9 million in revenue. Europe, which is the main market for our established NCC Education programmes, was affected by the lingering challenges in its economy and contributed S$11.3 million to our Group's revenue.

In terms of segmental activities, our Global Higher Education segment continues to be the mainstay of our revenue, making up more than 95% of our Group's revenue or S$37.3 million, with our Corporate Training registering the remaining revenue of S$1.9 million. Profit before tax for the Global Higher Education also showed significant improvements as the Group continued to streamline and focus on better performing programmes and regions.

## Looking Ahead

In the coming year, our Group will continue to focus on products and programmes that receive positive responses and achieve strong demand in their respective market places. The Group may also explore merger and acquisitions and joint ventures opportunities whenever they arise in those key markets which we have identified.

In lock-step with the expansion into new markets, we intend to further enhance our academic infrastructure, including programme development, evaluation, delivery methods, accreditation, moderation, testing and assessments. This will also include focusing on EMD (E-learning, Mobile learning, Distance learning) which translates into greater flexibility for busy executives and professionals who need flexibility in their learning schedules.

| S$'000 | Q1 | Q2 | Q3 | Q4 | Full Year |
|---|---|---|---|---|---|
| **FY2010 Revenue** | 8,747 | 10,840 | 9,698 | 9,928 | **39,213** |
| **(Loss) / Profit Before Tax** | (1,206) | 1,496 | (393) | 2,972 | **2,869** |
| **(Loss) / Profit After Tax** | (1,251) | 1,435 | (380) | 4,151 | **3,955** |
| **FY2009 Revenue** | 11,239 | 11,957 | 9,941 | 10,447 | **43,584** |
| **(Loss) / Profit Before Tax** | (1,239) | (774) | (227) | 6,910 | **4,670** |
| **(Loss) / Profit After Tax** | (1,437) | (818) | (423) | 7,045 | **4,367** |

# Achieving Global Reach

Informatics is one of the largest education and training institutes in Asia, with a global network in Asia, Middle East, Africa, and Europe, across 53 countries.


**68** FRANCHISED CENTRES

**267** LICENSED CENTRES

**1** STANDARD


Ireland
U.K.
Germany
Mongolia
Georgia
Malta
China
Korea
Iran
Iraq
Kuwait
Cyprus
Dubai
Palestine
Libya
Egypt
UAE
Pakistan
Hong Kong
Taiwan
Oman
Nepal
Macau
Bangladesh
Vietnam
Saudi Arabia
Laos
Yemen
India
Thailand
Myanmar
Philippines
Ethiopia
Ghana
Sri Lanka
Nigeria
Maldives
Malaysia
Singapore
Rwanda
Kenya
Brunei
Tanzania
Indonesia
Zambia
Mauritius
Malawi
Zimbabwe
Botswania
South Africa
New Zealand

# Achieving Global Reach

FY2010 has been another significant year in terms of our global expansion. New franchise and licensing initiatives and new partnerships in key markets have been launched in Africa, South Asia and the Middle East under our flagship "Informatics" and "Thames Business School" brands which are managed by Informatics Academy International.

Our other established brand, NCC Education (NCC), continues to be a dominant force in professional and technical education in Europe and Africa. The continued push for global growth reflects our vision and belief that high quality education is a borderless pursuit that cuts across cultural, geographical and economic boundaries.

Centre in India – an inroad into the vast South Asian market.

In Nepal, our students and instructors engage constantly in lively discussion. Nepal continues to be one of our most vibrant and top performing market.

Students in Dublin (Ireland) take up NCC's programmes to further their careers in their chosen profession.

Our programmes have also been well-established in Auckland, New Zealand, where NCC's British-based academic heritage is well-received.

# Achieving Global Reach

Our centre in Saudi Arabia stands tall amongst education providers for the quality of our curriculum, content and teaching methods.

In Germany, our partner's centre located in Erkrath, Westphalia, offers a gamut of NCC programmes in business administration and management, within a modern and convenient setting designed to optimise student's learning experience.

Our partner's centre in Tanzania grew at a dynamic pace last year amidst stable economic growth. This is a country of forward-looking individuals keen on taking on the challenges in a global marketplace for talents.

## Informatics Academy International

The Informatics Academy International has continued on its path of international growth, establishing new partnerships with key learning centres and colleges in **Indonesia**, **Maldives**, **Sri Lanka** and **Tanzania**. Other countries with interesting growth prospects include **Nepal** which has shown tremendous growth in terms of student numbers and were one of the keenest to launch new programmes. Our Nepalese partner has also indicated strong aspiration to open new satellite centres and launch Hospitality Management programmes in the near future. **Nigeria** continues to be strong in student enrolment and has sent a new batch of more than 200 scholars to Singapore for further study. Our Nigeria partner has also made visible plans to introduce new engineering courses by the end of 2010. In **Maldives**, our partner has secured degree awarding status, and as a result had relocated to larger and better premises in order to cope with an expanded operation.

Our ability to establish rewarding partnerships in new "undiscovered" regions shows that many growth opportunities await us. Though unchartered territories for Informatics, **Latin America**, has shown tremendous interest in foreign education and this means exciting prospects for a well-established brand like ours. The **Middle East** continues to do well economically and its population remains well plugged into the global market. Cutting-edge courses from Informatics should present exciting new opportunities there. The people in **South Asian** (India, in particular) and **African** countries continue to thirst for knowledge and aspire to lead better life and become global citizens. We will therefore continue to be deeply engaged in both regions.

## NCC Education

FY2010 was another promising year for NCC Education based out of the United Kingdom. With 33 centres and 54 new programmes added to the existing centres, NCC Education has made significant in-roads into new countries.

Just in the European area alone, 19 new centres were signed up in the year under review. These centres included cities in **Germany**, **Russia** (Moscow in particular stood out) and **Georgia**. Under a further phase of expansion, we will also be signing up new centres in Dublin in **Ireland**, Paris in **France**, as well as key venues in **Senegal**, **Libya** and **Algeria**.

NCC Education's Diploma in Computer Studies continues to be a best-seller in key markets. The reputation of the British education system meant that NCC Education is able to garner keen interest amongst new partners. Our key competitive advantage continues to be our ability to offer British education throughout our diverse network of countries and provide flexible and affordable pathways to all our students up to the Masters level. NCC Education continues to also adhere to a strict accreditation process for all its partners to ensure high standards are met.

# Shaping
# The Future

Our successful programmes include the International Diploma and Advanced Diploma in Computing, International Diploma and Advanced Diploma in Business Administration, International Diploma and Advanced Diploma in Network and Cybersecurity, Diploma and Advanced Diploma in Information Technology, and International Diploma and Advanced Diploma in Hospitality Management.

The quality and integrity of our programmes remain the hallmarks of the Informatics philosophy and approach. In our push for global expansion, Informatics remains very mindful of these key success factors. Hence, Informatics' programmes remain attractive to a wide range of international partners and their local student population for several reasons. Our heritage as a Singapore-based global education and training service provider carries a hallowed reputation. And with the honour and responsibility of the Singapore brand, we must continue to ensure top quality, constant innovation and strong governance in all aspects of our programme delivery and management.

Beyond this, our curriculum development teams constantly roll-out innovative market-driven programmes that garner good reception across international markets. And at times, we were able to launch new cutting-edge programmes that prepare the local workforce to effectively participate in growth industries such as in infocomm technology and cybersecurity as well as in hospitality management. Our programmes are also designed for the workplace and are well-recognised for employment across a wide range of markets and industries. Besides, the flexibility of credit transfers adds more pathways to new education opportunities for our students.

In the year under review, Informatics' programmes continue to maintain outstanding value and quality across its global network of centres as well as generate strong demand from new potential partners globally.

# Shaping the Future
## with Exciting New Programmes and Courses

### Tackling Complexities in Global Financial Markets

Alternative investments are fast becoming a must-have in many investment portfolios. Financial institutions place greater emphasis on bringing alternative investment experts into their teams.

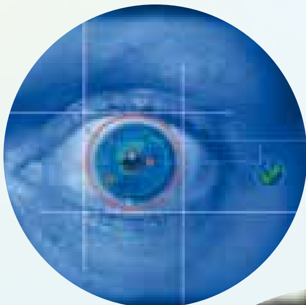
At Informatics Finance & Accounting Academy (IFAA), we heed the call for deeper understanding and broader knowledge for alternative investments across the world and have designed a training programme around helping students achieve the **Chartered Alternative Investment Analyst (CAIA)** designation. Demand will continue to rise rapidly for professionals around the world and especially in emerging markets in the Asia Pacific and Middle East. With increasing cases of fraud, volatility and speculative trading across many financial products, risk management has become a significant priority for many financial institutions as well. Our **Financial Risk Manager (FRM**) course was designed to support investors, advisors and asset management professionals measure, monitor and mitigate their risk exposure. In addition, our popular **Chartered Financial Analyst (CFA)** training programmes continues to be a foundation on which many of our students advance their careers in the capital markets.

### Meeting Emerging Security Challenges Head On

As technology becomes ubiquitous and organisations depend on technology as the key conduits of business, information assets have become critical to an organisation's survival. Informatics Institute for Computing and Security (IICS) has launched a series of seminal programmes designed to meet some of the most complex and urgent challenges in computing and network security. The **Certified Ethical Hacker (CEH)** and **Computing Hacking Forensic Investigator (CHFI)** are designed with some of the most advanced teaching methodology in its field and are recognised by industry experts as a crucial piece of armoury in the fight against cybercrimes, intrusion and a host of disruptive security breaches.

CEH has been put in place to immerse students in an interactive environment and be provided with hands-on understanding and experience in ethical hacking. The course will benefit anyone who is concerned about the integrity of the network infrastructure. For participants who are looking to hone their skills in identifying an intruder's footprints and to properly gather the necessary evidence to prosecute, many of today's top tools of the forensic trade will be taught in the CHFI programme.

# Shaping the Future
## with Exciting New Programmes and Courses



### Technology Leaders, Industry Relevance

Technology leadership is a vital part of developing cutting-edge programmes to ensure employability and enhancing students' career opportunities. By working with industry leaders such as **IBM, Symantec** and **Cisco**, we are able to strike a winning relationship for companies and students. Industry leaders constantly roll-out new technologies which are at the forefront of their businesses. A well-educated workforce in turn helps to further promulgate the success of these new technologies.

Informatics aims to perpetuate this virtual cycle of success. For example, IBM, one of our key industry partners, has been very committed in providing Informatics with curriculum development support for our database engineering courses within our diploma programmes. As a result, our students continue to gain industry-leading knowledge and skills and support the companies using similar technologies to resolve ever more complex challenges in the workplace.

As the world of computing creates new challenges for security professionals, we have also been glad to strike new partnerships with Symantec in the areas of cybersecurity, and also with Cisco in the areas of network and computing security.

One of the continuing key priorities for Informatics Education Ltd. is to constantly enhance our academic infrastructure. FY2010 was another significant year of development in this area for Informatics Academy International (IAI). Our team has achieved key milestones in terms of tapping the rich resources available amongst our partners, advisors and academic personnel.

**E-marking**

One of our latest innovation for academic staff

- Replaces traditional physical marking & storage of assessment scripts
- Enables online marking by lecturers
- Captures and store marked report electronically
- Progressive marking could be monitored
- Standardised marking methods across various markers
- Higher level of security
- Ease of archiving and retrieval

# Infrastructure For Excellence

### Academic Board

Academic Board, previously known as Academic Council, debates, assesses, sets up key requirements and approves all new programmes that were developed. This Academic Board has started reviewing broader academic and assessment frameworks, policies and procedures. We have also appointed two external members to this Academic Board to help set up benchmark for best practices with key local tertiary institutions.

### Examination Board

Examination Board oversees the proper implementation of assessment procedures, as well as reviews and carries out continuous improvements in the areas of assessment practices. This was in addition to the rigorous process which includes assessment moderations involving internal and external examiners.

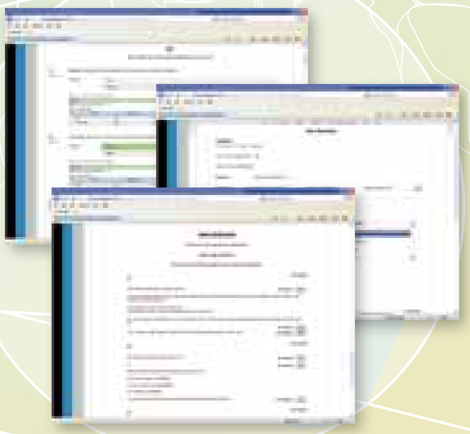
### Technology

We use technology in handling academic and assessment related functions. We have widely implemented a range of online systems across our global network of partners. These online systems comprised Student Administration System, Assessment Online (AOL) to administer tests, as well as generate test and examinations papers from our AOL question banks.

### Strengthening Partnerships

A key thrust of our strong academic infrastructure is the relationships between Informatics and our partner universities. Conscious of the role of our partner universities, Informatics Academy International (IAI) has stepped up discussion with these partners to broaden the scope of each portfolio programme. One of the key objectives was to seek common grounds in offering university degree program in multiple locations, thereby enhancing the student enrolment across our global network.

Beyond university partnerships, keeping in step with industry demands ensures that our programmes remain highly relevant. Therefore, at Informatics, our industry partners are critical to developing, launching and sustaining successful training courses for workplace professionals. We have developed programmes that support financial training to achieve CFA, CAIA and FRM. In the area of information communication technology, we have rolled out successful certification courses in ethical hacking and network penetration in conjunction with leading companies in these fields. IBM, Cisco and Symantec are examples of such successful collaborations.



### Question Bank (Q-Bank)

- Automatically and electronically generate test and examination papers based on criteria (such as topics, levels of difficulty, types of questions and so on)
- Enhanced integrity & security of paper as back up paper can be generated any time from the Question Bank should any exceptions occur
- Highly efficient as it allows quick turnaround time in getting papers ready for examinations and can also generate multiple sets of paper from past questions

### E-Assessment

Another of our advances for students

- Allows students to take their test online on their own
- Higher level of integrity & security
- Semi-automated marking (e.g. MCQs & short answer)
- For non-automated marking, markers can mark paper anytime, anywhere with internet connectivity
- Centralised electronic storage & record for better traceability

### Integrating Departments

Aside from partnership alignment and consultation, IAI itself has also since undergone an internal reorganisation, integrating both Business Development and Product Development teams in order to respond even better to changing demand and emerging needs for new courses. Thanks to the integration of these two departments, we have grown in confidence and are now even more effective in tapping new market opportunities.

As much as we have achieved in FY2010, we will not rest on our laurels. Demand for cutting-edge programmes, growing pool of new partners and a dynamic global environment for skills upgrading and employability mean that the coming year will continue to be a busy one for IAI.

We intend to launch continuous assessment to enhance the learning experience of students and roll-out E-marking programmes that leverages on technology to further enrich our global academic resources. Our staff will be encouraged to participate in more conferences in order to keep abreast of technology trends, while also fine-tuning our collaboration with university partners to speed up the launch of new state-of-the-art programmes.

### Informatics Global Campus

A wholly-owned subsidiary of Informatics Education Ltd., Informatics Global Campus (IGC) has trained more than 72,000 learners worldwide spanning Asia, Africa, Europe and North America to date, making IGC the premier global online learning provider outside of the United States.

IGC also offers innovative modes and learning which cater to each individual student's lifestyle needs. Its range of flexible learning modes include online learning, mobile learning and distance learning, all of which provide a high degree of flexibility and convenience to its learners worldwide which is crucial in today's globalised world. Our array of academic and professional development programmes in business and infocomm technology range from certification courses, diploma to degree and postgraduate programmes.

By establishing tactical collaboration with renowned universities and institutions around the world, IGC will continue to expand, enhance and refresh its product offerings to the global consumer market. Also, by leveraging on the Group's extensive franchise channels and partners' networks, IGC aims to promote flexible learning extensively to its life-long learners.

IGC will also focus its efforts on new product development, new market penetration and strategic partnerships. These initiatives will be complemented with unrelenting efforts aimed at improving the efficiency of our operational and management systems and achieving academic excellence, with the ultimate aim of bringing IGC to greater heights.

# Board of Directors


1 Tan Sri Professor Emeritus Dr Abu Hassan Bin Othman / 2 Mr Freddie Pang Hock Cheng / 3 Mr Ung Gim Sei / 4 Professor Chew Soon Beng / 5 Mr Patrick Ho Kwok Sum / 6 Mr Wong Wee Woon /

# Board of Directors

**Tan Sri Professor Emeritus Dr Abu Hassan Bin Othman**
Chairman, Non-Executive
Tan Sri Professor Emeritus Dr Abu Hassan Bin Othman is currently the Vice Chancellor of Berjaya University College of Hospitality, a subsidiary company of Berjaya Corporation Berhad. He was nominated and appointed as the Chairman of the Board of Directors of Informatics Education Ltd. on 1st June 2007.

Tan Sri Dr Abu Hassan, a Fulbright Scholar, had a distinguished and long service career as an educationist in Malaysian public universities. While in service, Tan Sri Dr Abu Hassan started University Malaysia Sabah as its Vice Chancellor in 1994, and also held distinguished appointments as Chairman of the Australian–Malaysian Vice Chancellors Committee; Member of the Board of ACU (Association of Commonwealth Universities); Member of the Board of ASAIHL (Association of Southeast Asian Institutions of Higher Learning); Chairman of UMAP (University Mobility Asia Pacific) and Board Member of Botswana University of Science and Technology, Africa, Chairman, The Malaysian Vice Chancellor's Committee, and Chairman, The Malaysain Examination Council Board.

Currently, Tan Sri Dr Abu Hassan holds directorships at Meteor Doc Sdn Bhd, Management and Science University's Foundation, Universiti Malaysia Sabah's Foundation, Universiti Darul Iman Malaysia and the Search Committee on the appointment of Vice Chancellor of research universities. Academically, he holds an Honorary Degree Doctor of Management (Open University Malaysia); Honorary Degree Doctor of Agricultural Science (Kinki University, Japan) and Ph.D.(Sociology) from Michigan State University, United States of America.

**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 the Malaysian International Merchant Bankers Berhad, in an advisory capacity until his departure in 1990 to join Berjaya Group Berhad.

Mr Pang 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 TMC Life Sciences Berhad, 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 Khattarwong and a part-time lecturer in law. Prior to taking up law, Mr Ung started his career in media and publishing industry assuming key positions in newspaper companies in Singapore, Hong Kong and Shenzhen, China. He is a member and legal advisor of Tan Kah Kee Foundation and Singapore China Business Association. He also serves as a committee member of Singapore China Friendship Association and China Aw Boon Haw Foundation and as an independent director of EMS Energy Ltd. Mr Ung holds a Bachelor of Arts degree in Economics from the National University of Singapore, Common Professional Examination Qualification in Law from UK and a Master of Law from the City University of Hong Kong.

**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, and also the Founding Director of the Master of Science programme in Managerial Economics known as the Mayor programme, since its inception in 1998 at NTU. He is now in charge of executive programmes in NTU's School of Humanities and Social Sciences.

Between 2004 and 2005, Prof Chew was a consultant to the Omani Ministry of Higher Education. He is currently a member of the Singapore Institute of Arbitrators. Prof Chew received his Ph.D. in Economics from the University of Western Ontario, Canada, after obtaining a Master of Social Science in Economics from the former University of Singapore and a Bachelor of Commerce, First Class Honours, from the former Nanyang University.

**Mr Patrick Ho Kwok Sum**
Chief Executive Officer, Executive Director
Mr Patrick Ho was appointed the CEO on 1 April 2008. He has extensive experience in the areas of strategic and general management, global marketing, distribution and business development. He has worked in industries ranging from consumer goods to fashion wear, optical products and education, and has held senior management positions from General Manager to Marketing Director and CEO.

Prior to joining Informatics, Mr Ho was the first CEO of Kaplan Singapore where he was responsible for the divisions of Higher Academic Education, Professional Financial Training (ACCA, CFA and CFP), Languages, and Corporate Training. He had also been the CEO and Principal of SMa School of Management. Mr Ho holds a Bachelor's Degree in Business Administration from the National University of Singapore and a Master's Degree in Business Administration from Cranfield University, UK.

**Mr Wong Wee Woon**
Executive Director
Mr Wong Wee Woon joined Informatics in October 2004. He has a rich background in educational publishing, having been with educational publisher Longman Malaysia for 17 years from 1979 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.

In 1999, Mr Wong was named President of Pearson Education Asia when 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 that year. Mr Wong graduated from the National University of Malaysia with a Bachelor of Science (Honours) and a Master in Management from The Asian Institute of Management, Philippines.

## Financial Contents

# Corporate Governance Report

The Board of Directors of Informatics Education Ltd. (the "Company") is committed to maintaining good standard of corporate governance and business practices and hence has continuously adopted processes and systems to enhance and safeguard the interest of its shareholders.

The following report describes the measures and the corporate governance policies and practices of the Company that are currently in place and used throughout the financial year 2010 (the "Year") which incorporates policies and practices recommended in the Code of Corporate Governance 2005 (the "Code").

### 1. Board's Conduct of Affairs

The Board sets the overall business direction and objectives of the Company. The Board reviews and decides on major transactions, business plans, annual budgets and operating results of the Company. Besides providing entrepreneurial leadership, it also ensures that the necessary financial and human resources are in place for the Company to meet its objective. 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.

All Directors must objectively make decisions in the interest of the Company. Appropriate training and orientation (including his or her duties as a Director and how to discharge those duties) are given when he or she is first appointed to the Board to ensure that the incoming Directors are familiar with the Company's business and governance practices. Existing Directors also receive further relevant training relating to relevant new laws and regulations as well as changing business risks, practices and cultures from time to time. Upon the appointment of a new Director, the Company would issue a formal letter of appointment setting out the statutory and other duties and obligations of a director. The newly appointed Director will also be briefed by the Chief Executive Officer and other business heads on the Group's business activities, operations, strategic direction and policies.

The Board as a whole is kept updated on risks management, corporate governance and the key changes in the relevant regulatory requirements and financial reporting standards.

### 2. Board Composition and Guidance

Presently, the Board has six members, comprising two Executive Directors and four Non-Executive Directors, two of whom are Independent Directors, as listed below:

(1) Tan Sri Professor Emeritus Dr Abu Hassan Bin Othman - Non-Executive Chairman
(2) Mr Patrick Ho Kwok Sum - Executive Director and Chief Executive Officer
(3) Mr Wong Wee Woon - Executive Director
(4) Mr Freddie Pang Hock Cheng - Non-Executive Director
(5) Mr Ung Gim Sei - Independent Director
(6) Professor Chew Soon Beng @ Teo Soon Beng - Independent Director

The Chief Executive Officer is tasked to oversee the day-to-day management of all line and staff operations of the Company and the Group and the overall financial performance, and to direct the implementation of policies for all aspects of the Company and the Group and as set out by the Board.

The Board has adopted the definition of the Code of what constitutes an Independent Director in its review of the independence of each Director.

# Corporate Governance Report (cont'd)

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 16 to 17 of the Annual Report. The Board is of the opinion that its current composition is appropriate taking into account the scope and nature of the operations of the Company and the Group and allows for effective decision making.

The Board conducts quarterly board meetings. In addition, ad-hoc meetings would be convened as circumstances require. The Company's Articles of Association allows the holding of board meetings to include the conducting of any of them by way of telephone conference or video-conference. Should the Board have informal discussion on matters requiring urgent attention, this would then be formally confirmed and approved by circular resolutions in writing.

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

(1) the Audit and Risk Management Committee;
(2) the Remuneration and Strategic Human Resource Committee;
(3) the Nominating Committee; and
(4) the Banking Committee.

The attendance of the Directors at the meetings of the Board and Board Committees during the Year were as follows:-

**Directors' Attendance in Financial Year 2010:**

| | No. of Meetings Attended in Financial Year 2010 | | | |
|---|---|---|---|---|
| | Board of Directors | Audit & Risk Management Committee | Nominating Committee | Remuneration & Strategic HR Committee |
| **Total No. of Meetings Held** | **4** | **5** | **4** | **4** |
| Name of Director | | | | |
| Tan Sri Professor Emeritus Dr Abu Hassan Bin Othman | 4 | NA | NA | NA |
| Datuk Zainun Aishah Binti Ahmad [1] | 3 | NA | NA | NA |
| Mr Freddie Pang Hock Cheng | 4 | 5 | 4 | 4 |
| Mr Ung Gim Sei | 4 | 5 | 4 | 4 |
| Professor Chew Soon Beng @ Teo Soon Beng | 4 | 5 | 3 | 4 |
| Mr Patrick Ho Kwok Sum [2] | 4 | NA | NA | 2 |
| Mr Wong Wee Woon | 3 | NA | NA | NA |
| Mr Anderson Tang Siu Ki [3] | 4 | 5 | 4 | NA |
| Ms Tong Chiu Fai [4] | 1 | NA | NA | NA |

Notes:

[1] Datuk Zainun Aishah Binti Ahmad resigned as Director of the Company on 28 May 2010

[2] Mr Patrick Ho Kwok Sum stepped down from the Remuneration & Strategic Human Resource Committee on 2 September 2009

[3] Mr Anderson Tang Siu Ki resigned as Director of the Company on 31 March 2010

[4] Ms Tong Chiu Fai retired as Director of the Company on 28 July 2009

During the Year, one matter was deliberated and approved via resolutions in writing by the Banking Committee. No meeting was held by the Committee.

Should the Committees have informal discussions on matters requiring their urgent attention, such discussions would subsequently be formally confirmed and approved by circular resolutions in writing.

During the Board and Board Committee meetings, all Directors, including the Non-Executive Directors and Independent Directors, took the opportunities to review the management's performance in meeting agreed goals, constructively challenged and helped develop proposals on strategy and provided guidance and opinions on issues.

## 3. Chairman & Chief Executive Officer

The current Non-Executive Chairman and Chief Executive Officer of the Company are Tan Sri Professor Emeritus Dr Abu Hassan Bin Othman and Mr Patrick Ho Kwok Sum respectively.

The position of Chairman is strictly a non-executive one. The Chairman assumes responsibility for the smooth functioning of the Board, ensures timely flow of information between the management and the Board and presides over Board meetings.

There is a clear division of responsibilities between the Chairman and Chief Executive Officer and this ensured an appropriate balance of power. The Chairman leads the Board to ensure its effectiveness on all aspects of its role and promotes high standards of corporate governance while 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 the direct implementation of the policies for all aspects of the Company's operations as set out by the Board.

The Chairman and the Chief Executive Officer are not related to each other.

## 4. Board Membership

The Board has established a Nominating Committee whose task include making recommendations to the Board on all board appointments including the appointment of board members for both new appointment(s) and re-appointment(s).

For re-appointment, the Nominating Committee is charged with the responsibility of recommending to the Board the re-nomination of Directors having regard to their past contribution and performance. Article 71 of the Company's Articles of Association (the "Articles") requires all Directors to retire once at least in every 3 years with the Directors who have been longest in office since their last election to retire first. A retiring Director shall be eligible for re-election by shareholders at an Annual General Meeting of the Company.

The Nominating Committee has recommended that Tan Sri Professor Emeritus Dr Abu Hassan Bin Othman and Mr Freddie Pang Hock Cheng who shall retire by rotation pursuant to the said Article 71 be recommended for re-election at the Company's forthcoming Annual General Meeting. The Nominating Committee further recommended that Mr Ung Gim Sei be re-appointed at the Company's forthcoming Annual General Meeting pursuant to s. 153(6) of the Companies Act, Cap. 50.

When the need for a new appointment arises, the Nominating Committee reviews the range of expertise, skills and attributes of the Board, identifies the Board's need and shortlists candidates with the appropriate profile. Where necessary, the Nominating Committee may seek advice from external consultant.

# Corporate Governance Report (cont'd)

New directors are appointed by way of a Board's resolution after the Nominating Committee has reviewed and recommended the appointment of these new directors. Article 75 of the Company's Articles of Association requires that new directors shall hold office until the next Annual General Meeting and shall be eligible for re-election.

All Executive Directors, being employees of the Company, are employed on terms which allow termination by notice.

The initial appointment date and the date of last re-election of the Directors are set out below:-

| Name of Director | Date of initial Appointment | Date of last re-election |
|---|---|---|
| Tan Sri Professor Emeritus Dr Abu Hassan Bin Othman | 1 June 2007 | 30 July 2007 |
| Mr Patrick Ho Kwok Sum | 1 April 2008 | 31 July 2008 |
| Mr Wong Wee Woon | 1 March 2006 | 28 July 2009 |
| Mr Freddie Pang Hock Cheng | 5 August 2004 | 30 July 2007 |
| Mr Ung Gim Sei | 13 July 2004 | 31 July 2008 |
| Professor Chew Soon Beng @ Teo Soon Beng | 1 March 2006 | 31 July 2008 |

## 5. Board Performance

The Board has implemented a process to be carried out by the Nominating Committee for assessing the performance and effectiveness of the Board as a whole and of each individual Director.

The Directors are required to complete the appraisal forms as part of the process adopted to assess the overall effectiveness of the Board as a whole. The results of the appraisal exercise are reviewed by the Nominating Committee. The factors for consideration in the appraisal exercise include the size and composition of the Board and the Directors' conduct, achievement in discharging the principle function, attendance at meetings, contributions to board meetings etc. During the appraisal, each Director shall discuss with the Chairman of the Nominating Committee on his role and identify areas for improvement with regard to the duty of the Board.

The Nominating Committee will evaluate the Board's performance by periodical assessment.

## 6. Nominating Committee

The Board has established a Nominating Committee ("NC"), members of which as at the date of this Report are as follows:-

| | | | |
|---|---|---|---|
| Chairman | : | Mr Ung Gim Sei | (Independent Director) |
| Members | : | Professor Chew Soon Beng @ Teo Soon Beng | (Independent Director) |
| | | Mr Freddie Pang Hock Cheng | (Non-Executive Director) |

Mr Ung Gim Sei, the Chairman of the NC, is not associated with the substantial shareholders of the Company.

The NC's main task is to make recommendations to the Board on all board appointments and in respect of the appointment of the Chief Executive Officer and any other officer(s) by whatever name called who has responsibilities and functions similar to any Executive Director.

The duties and responsibilities of the NC include the following:

- Review the composition of the Board to ensure that the required mix of expertise, skills, attributes and capabilities are present amongst its members;
- Identify, consider and recommend suitable candidate for appointment to the Board taking into account the Company's objectives and the Board's requirements;
- Review and recommend the re-appointment or re-election of Board members;
- Review the nomination and appointment of Executive Director(s) and any other officer(s) who has responsibilities and functions similar to that of an Executive Director;
- Review the independence of each Independent Director and ensure that at least one-third of the Board members are Independent Directors;
- Assist the Board in setting up procedures and criteria for assessing the effective performance of the Board as a whole and the contribution of each Director;
- Arrange orientation and education programmes for members of the Board with respect to the Company's business and its management, as is necessary.

The NC evaluates the Board's performance, and adopts both quantitative and qualitative criteria in its periodical 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.

The NC is also required to review whether there was a right mix of expertise, experience and skills in the Board. More importantly, the 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 on 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 reviewed. Brainstorming sessions were also organized for the Board members and senior management to discuss the overall business directions and planning and to focus on common objectives.

### 7. 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 kept 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 Company Secretary attends all Board meetings. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

The Directors have the authority to seek independent professional advice, at the Company's expense. In addition, all Directors are given access to monthly financial report. The Board is also given separate access and independent access to the Company's senior management and Company Secretary. Prior to each board meeting, Board members are provided with the complete, adequate and timely information required for them to fulfill their responsibilities.

### 8. Remuneration and Strategic Human Resource Committee

The Board has established a Remuneration and Strategic Human Resource Committee ("RSHRC") to deal with remuneration matters. Members of the RSHRC are as follows:

| | | | |
|---|---|---|---|
| Chairman | : | Professor Chew Soon Beng @ Teo Soon Beng | (Independent Director) |
| Members | : | Mr Ung Gim Sei | (Independent Director) |
| | | Mr Freddie Pang Hock Cheng | (Non-Executive Director) |

The RSHRC comprises three members. The majority of the RSHRC, including the Chairman, are independent directors. The RSHRC reviews and 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:-

- review and advise the Board of Directors on the terms of appointment and remuneration of its members and senior management of the Company;
- review the working environment and succession planning for management;
- review with management the terms of the employment arrangements so as to develop consistent group-wide employment practices subject to regional differences;
- administer The Informatics Group Share Option Scheme which was approved by the shareholders on 7 September 1994 and subsequently extended for a further period of ten years on 8 August 2003.
- recommend the allocation of share options to the Directors and employees of the Group; and
- determine the number of share options to be offered to the Directors and employees of the Group.

The Company has entered into service agreements with all Executive Directors of the Company. These service agreements cover the terms of employment and provide for termination by either the Executive Director(s) or the Company upon each giving the other a written notice of not less than 3 months.

In line with the Code, RSHRC will submit its recommendation on the remuneration packages (including Directors' fee, salaries, allowance, bonuses, options and benefits in kind) for each Director for the endorsement of the entire Board. No Directors are involved in deciding his or her own remuneration. The RSHRC is also involved in the review of the remuneration scheme for the senior management.

Directors' fees are recommended by the Board for approval at the Company's Annual General Meeting.

The RSHRC has access to expert professional advice on human resource matters whenever there is a need to consult externally.

### 9. Level & Mix of Remuneration

It is the Company's policy to ensure that the level of remuneration should be appropriate to attract, retain and motivate the Executive Directors needed to run the Company and the Group successfully. The remuneration of Executive Directors are structured so as to link rewards to corporate and individual performance while the remuneration of Non-Executive Directors are tagged to their level of contribution to the Board and the Company taking into account factors such as effort and time spent, responsibilities of the directors. The Company attempts to ensure that Non-Executive Directors are not over-compensated to the extent that their independence may be compromised. From time to time, remuneration packages of employees are reviewed to ensure that they are sufficiently competitive. A compensation system is in place to reward employees based on merit and performance through annual merit service increments and bonuses. The Company's share option scheme for Directors, senior management and executives, which serves as a long-term incentive plan for senior executives, is also based on merit and individual performance.

## 10. Disclosure of Remuneration

The remuneration of the Directors of the Company and its top 5 key executives (who are not Directors of the Company) for the financial year 2010 is as follows:

| Name | Remuneration Band (S$) | Salary & Fees (%) | Performance Bonuses (%) | Other Benefits (%) |
|---|---|---|---|---|
| **Non-Executive Directors** | | | | |
| Tan Sri Professor Emeritus Dr Abu Hassan Bin Othman | <250,000 | 100 | - | - |
| Datuk Zainun Aishah Binti Ahmad [1] | <250,000 | 100 | - | - |
| Mr Freddie Pang Hock Cheng | <250,000 | 100 | - | - |
| Mr Ung Gim Sei | <250,000 | 100 | - | - |
| Mr Anderson Tang Siu Ki [2] | <250,000 | 100 | - | - |
| Professor Chew Soon Beng @ Teo Soon Beng | <250,000 | 100 | - | - |
| **Executive Directors** | | | | |
| Mr Patrick Ho Kwok Sum | 250,000 - 499,000 | 75 | 19 | 6 |
| Ms Tong Chiu Fai [3] | <250,000 | 92 | - | 8 |
| Mr Wong Wee Woon | <250,000 | 76 | 7 | 17 |
| **Other Top Executives (Non-Directors of the Company)** | | | | |
| Ms Tong Chiu Fai [3] | <250,000 | 71 | 23 | 6 |
| Mr Felix Raoul Stravens | 250,000 - 499,000 | 76 | 6 | 18 |
| Mr Valentine Philip Ortega | <250,000 | 79 | 17 | 4 |
| Mr Phua Poh Kuay | <250,000 | 74 | 19 | 7 |
| Mr Chan Chi Wai | <250,000 | 86 | 12 | 2 |

Notes:

1 Datuk Zainun Aishah Binti Ahmad resigned as Director of the Company on 28 May 2010

2 Mr Anderson Tang Siu Ki resigned as Director of the Company on 31 March 2010

3 Ms Tong Chiu Fai retired as Director of the Company on 28 July 2009. She remains as the Chief Financial Officer of the Group.

The Non-Executive Directors do not have service contracts. They are paid a basic fee as Directors and additional fees for serving on any Board Committees. The Board may, if necessary, consult experts on the remuneration of Non-Executive Directors. The Directors' fees are subject to the approval of shareholders at the Annual General Meeting.

The basis of allocation of the number of share options for Directors takes into account the Directors' contribution and additional responsibilities at Board's committees.

Details of the Informatics Group Share Option Scheme and options granted to Directors are disclosed in paragraph 5 of the Directors' Report.

There are no employees in the Company and the Group who are immediate family members of a Director or the Chief Executive Officer.

## 11. Accountability

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

The management submits monthly financial reports to the Board. In addition, quarterly, half-yearly and full year financial statements are presented by the management to the Audit and Risk Management Committee for its review. The Committee then presents its findings on these financial statements for the further review and approval by the Board. Upon the Board's approval and authorization, the management will release the financial results to the public for their information via SGXNET on quarterly basis.

## 12. Audit and Risk Management Committee

The Audit and Risk Management Committee ("ARMC") carries out the functions set out in the Code and the Companies Act, Cap. 50. Members of the ARMC as at date of this Report are as follows:

| | | | |
|---|---|---|---|
| Chairman | : | Mr Ung Gim Sei | (Independent Director) |
| Members | : | Professor Chew Soon Beng @ Teo Soon Beng | (Independent Director) |
| | | Mr Freddie Pang Hock Cheng | (Non-Executive Director) |

The principal responsibility of the ARMC is to assist the Board in maintaining good standard of corporate governance, particularly by providing an independent review of the effectiveness of the financial reporting process and internal control systems of the Company, the review of the significant financial reporting issues and the integrity of the financial statement of the Company for any formal announcements. The ARMC governs and approves key financial policies and 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 which is 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 is empowered to make recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors. For the Year, 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 did not prejudice the independence and objectivity of the external auditors. The ARMC has recommended to the Board the nomination of Ernst & Young LLP, Certified Public Accountants for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting.

Members of the ARMC have independent access to both the external auditors and the internal auditors.

During the Year, the ARMC has held meetings with both the external auditors and the internal auditors without the presence of the management.

The ARMC has evaluated the findings of the Internal Auditors on the internal controls of the Group, and believes that the system of internal controls maintained by the Company is adequate to safeguard the Company's assets.

To achieve a good standard of corporate governance for the operations of the Group, employees must maintain a high level of integrity and professionalism in their conduct and ensure compliance with all laws and regulations in their dealings with all stakeholders. Accordingly, the Board has instituted the Employee Code of Ethics and Policy for Reporting Improper Action and Protecting Employees Against Retaliation ("Whistle Blower") in year 2004. The Whistle Blower policy is liberally construed in favour of protecting the Group's interest in full disclosure of conflict of interest and promoting ethical standards of conduct for all employees. The Whistle Blower policy is administered by the Internal Auditors and is included in the staff orientation program for awareness and adherence.

### 13. Internal Controls

The ARMC has ensured 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 the financial, operational and compliance controls and risk management of the Company.

All business units have primary responsibility for managing their specific risk exposures based on the Group's guidelines. Each executive committee reviews its business unit's risk portfolio on a periodic basis. The Group's Internal Auditors coordinates and reports risk exposures to the ARMC for its review. Upon its risk assessment review, the ARMC will advise the Board on the adequacy of the risk management infrastructure that are in place and make recommendation for areas of improvement.

The ARMC will continue to review and ensure that there are adequate controls in the Company.

### 14. Internal Audit

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

The scope of the Internal Auditors covers the audit of all units and operations including the Company's overseas offices, subsidiaries, associates and franchisees.

To further enhance the internal controls of the Group, the ARMC may consider engaging an external audit firm to perform internal audit tasks from time to time.

### 15. Banking Committee

The Board has established a Banking Committee, members of which are as follows:-

| | | | |
|---|---|---|---|
| Chairman | : | Professor Chew Soon Beng | (Independent Director) |
| Members | : | Mr Patrick Ho Kwok Sum | (Executive Director) |
| | | Mr Wong Wee Woon | (Executive Director) |

The committee's primary function is to review and approve the change in bank authorized 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
- To ensure proper approval procedures are in place for the bank accounts operations.

**16. 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 guidelines and the Singapore Companies Act, Cap. 50.

All shareholders of the Company receive the Annual Report and Notice of Annual General Meeting. The Notice is advertised in the national newspaper. At Annual General Meetings, shareholders are encouraged to ask questions on the Company's operating and financial performance and the resolutions that are 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 raised by shareholders. The Company does not engage in or condone selective disclosure of material, price-sensitive information. Investors and shareholders can visit the Company's investor relations website at www.informaticseducation.com.

**17. Dealings in Securities**

The Group has adopted an internal practice which prohibits the Directors and executives of the Group from dealing in the Company's shares during the periods commencing two weeks and one month prior to the announcement of the Group's quarterly and full year results respectively and ending on the date of the announcement of the results, or if they are in possession of unpublished price-sensitive information of the Group. In addition, the Directors and key executives of the Company and Group are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

**18. Interested Person Transactions**

There was no interested person transaction entered into during the financial year which falls under Rule 907 of the Listing Manual of the SGX.

**19. Material Contracts**

Except for those disclosed above, there were no material contracts of the Company and its subsidiaries involving the interests of the Chief Executive Officer, the Director(s) or the controlling shareholder that has subsisted at the end of the financial year or have been entered into since the end of the previous financial year.

# 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 Education Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 March 2010.

## 1. Directors

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

Tan Sri Professor Emeritus Dr Abu Hassan Bin Othman – Non-Executive Chairman
Patrick Ho Kwok Sum – Chief Executive Officer
Wong Wee Woon
Freddie Pang Hock Cheng
Ung Gim Sei
Prof. Chew Soon Beng @ Teo Soon Beng

## 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 and 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 | | |
|---|---|---|---|---|---|---|
| **Names of Directors** | **At 1.4.2009** | **At 31.3.2010** | **At 21.4.2010** | **At 1.4.2009** | **At 31.3.2010** | **At 21.4.2010** |
| **The Company** | | | | | | |
| **Informatics Education Ltd** | | | | | | |
| ***Ordinary shares*** | | | | | | |
| Ung Gim Sei | 300,000 | 300,000 | 300,000 | – | 1,000,000 | 1,000,000 |
| Prof. Chew Soon Beng @ Teo Soon Beng | 450,000 | 450,000 | 450,000 | – | 1,000,000 | 1,000,000 |
| Patrick Ho Kwok Sum | – | 500,000 | 500,000 | – | – | – |
| Anderson Tang Siu Ki (resigned on 31.3.2010) | – | 858,823 | 858,823 | – | – | – |

Mr Ung Gim Sei is deemed to be interested in the shares of the Company held by his spouse. Professor Chew Soon Beng @ Teo Soon Beng is deemed to be interested in the shares of the Company held by his spouse.

(In Singapore dollars)

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

| | Held by director | | | | |
|---|---|---|---|---|---|
| | At the beginning of the financial year | At the end of the financial year | At 21.4.2010 | Exercise price $ | Exercise period |
| ***Options to subscribe for ordinary shares*** | | | | | |
| Tan Sri Professor Emeritus | 800,000 | 800,000 | 800,000 | 0.023 | 01.01.2010 to 31.12.2013 |
| Dr Abu Hassan Bin Othman | – | – | 1,000,000 | 0.045 | 05.03.2011 to 04.03.2015 |
| Patrick Ho Kwok Sum | 1,500,000 | 1,500,000 | 1,500,000 | 0.023 | 01.01.2010 to 31.12.2013 |
| | – | – | 1,800,000 | 0.045 | 05.03.2011 to 04.03.2015 |
| Wong Wee Woon | 166,125 | – | – | 0.231 | 29.12.2005 to 28.12.2009 |
| | 458,823 | 458,823 | 458,823 | 0.048 | 01.04.2007 to 31.03.2011 |
| | 500,000 | 500,000 | 500,000 | 0.058 | 20.05.2008 to 19.05.2012 |
| | 700,000 | 700,000 | 700,000 | 0.065 | 05.12.2008 to 04.12.2012 |
| | 1,500,000 | 1,500,000 | 1,500,000 | 0.023 | 01.01.2010 to 31.12.2013 |
| | – | – | 1,400,000 | 0.045 | 05.03.2011 to 04.03.2015 |
| Datuk Zainun Aishah | 100,000 | 100,000 | 100,000 | 0.065 | 05.12.2008 to 04.12.2012 |
| Binti Ahmad | 800,000 | 800,000 | 800,000 | 0.023 | 01.01.2010 to 31.12.2013 |
| (resigned on 28.05.10) | – | – | 1,000,000 | 0.045 | 05.03.2011 to 04.03.2015 |
| Freddie Pang Hock Cheng | 207,656 | – | – | 0.231 | 29.12.2005 to 28.12.2009 |
| | 458,823 | 458,823 | 458,823 | 0.048 | 01.04.2007 to 31.03.2011 |
| | 400,000 | 400,000 | 400,000 | 0.058 | 20.05.2008 to 19.05.2012 |
| | 400,000 | 400,000 | 400,000 | 0.065 | 05.12.2008 to 04.12.2012 |
| | 800,000 | 800,000 | 800,000 | 0.023 | 01.01.2010 to 31.12.2013 |
| | – | – | 1,000,000 | 0.045 | 05.03.2011 to 04.03.2015 |
| Ung Gim Sei | 207,656 | – | – | 0.231 | 29.12.2005 to 28.12.2009 |
| | 229,411 | 229,411 | 229,411 | 0.048 | 01.04.2007 to 31.03.2011 |
| | 400,000 | 400,000 | 400,000 | 0.058 | 20.05.2008 to 19.05.2012 |
| | 400,000 | 400,000 | 400,000 | 0.065 | 05.12.2008 to 04.12.2012 |
| | 800,000 | 800,000 | 800,000 | 0.023 | 01.01.2010 to 31.12.2013 |
| | – | – | 1,000,000 | 0.045 | 05.03.2011 to 04.03.2015 |
| Prof. Chew Soon Beng | 400,000 | 400,000 | 400,000 | 0.058 | 20.05.2008 to 19.05.2012 |
| @ Teo Soon Beng | 400,000 | 400,000 | 400,000 | 0.065 | 05.12.2008 to 04.12.2012 |
| | 800,000 | 800,000 | 800,000 | 0.023 | 01.01.2010 to 31.12.2013 |
| | – | – | 1,000,000 | 0.045 | 05.03.2011 to 04.03.2015 |
| Anderson Tang Siu Ki | 207,656 | – | – | 0.231 | 29.12.2005 to 28.12.2009 |
| (resigned on 31.3.2010) | 458,823 | – | 458,823 | 0.048 | 01.04.2007 to 31.03.2011 |
| | 400,000 | 400,000 | – | 0.058 | 20.05.2008 to 19.05.2012 |
| | 400,000 | 400,000 | – | 0.065 | 05.12.2008 to 04.12.2012 |
| | 800,000 | 400,000 | 400,000 | 0.023 | 01.01.2010 to 31.12.2013 |

# Directors' Report (cont'd)

(In Singapore dollars)

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

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 last amended at the Extraordinary General Meeting held on 31 July 2006. 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 Scheme is administered by the Remuneration and Strategic Human Resource Committee (the "Committee") comprising the following members:

Prof. Chew Soon Beng @ Teo Soon Beng – Chairman and Independent Director
Mr Ung Gim Sei – Independent Director
Mr Freddie Pang Hock Cheng – Non-Executive Director

The members of the Company also approved at the Annual General Meeting held on 28 July 2009 to grant new options. 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 |
|---|---|---|---|
| 04.03.2010 | 05.03.2011 to 04.03.2015 | 0.045 | 13,739,000 |

(In Singapore dollars)

**5. Share options (cont'd)**

Details of all the outstanding options to subscribe for ordinary shares of the Company pursuant to the Scheme as at 31 March 2010 are as follows:

| Offer date | Period during which options are exercisable | Exercise price $ | Number of outstanding options to subscribe for ordinary shares |
|---|---|---|---|
| 31.03.2006* | 01.04.2007 to 31.03.2011 | 0.048 | 3,457,174 |
| 19.05.2007 | 20.05.2008 to 19.05.2012 | 0.058 | 6,050,000 |
| 04.12.2007 | 05.12.2008 to 04.12.2012 | 0.065 | 6,738,000 |
| 31.12.2008 | 01.01.2010 to 31.12.2013 | 0.023 | 13,776,000 |
| 04.03.2010** | 05.03.2011 to 04.03.2015 | 0.045 | 13,739,000 |
| | | | 43,760,174 |

* The number of options and exercise prices of this option was adjusted in prior years in accordance with the terms of the Scheme in connection with the rights issue undertaken by the Company in May 2007.

** 13,263,000 options were accepted after year end up to the last date of acceptance on 3 April 2010.

Details of options to subscribe for ordinary shares of the Company granted to Directors of the Company 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 to subscribe for ordinary shares*** | | | | | | |
| Tan Sri Professor Emeritus Dr Abu Hassan Bin Othman | 0.023 | 01.01.2010 to 31.12.2013 | – | 800,000 | – | 800,000 |
| | 0.045 | 05.03.2011 to 04.03.2015 | 1,000,000 | 1,000,000 | – | 1,000,000 |
| Patrick Ho Kwok Sum | 0.023 | 01.01.2010 to 31.12.2013 | – | 1,500,000 | – | 1,500,000 |
| | 0.045 | 05.03.2011 to 04.03.2015 | 1,800,000 | 1,800,000 | – | 1,800,000 |
| Wong Wee Woon | 0.231 | 29.12.2005 to 28.12.2009 | – | 166,125 | 166,125 | – |
| | 0.048 | 01.04.2007 to 31.03.2011 | – | 458,823 | – | 458,823 |
| | 0.058 | 20.05.2008 to 19.05.2012 | – | 500,000 | – | 500,000 |
| | 0.065 | 05.12.2008 to 04.12.2012 | – | 700,000 | – | 700,000 |
| | 0.023 | 01.01.2010 to 31.12.2013 | – | 1,500,000 | – | 1,500,000 |
| | 0.045 | 05.03.2011 to 04.03.2015 | 1,400,000 | 1,400,000 | – | 1,400,000 |

(In Singapore dollars)

## 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 to subscribe for ordinary shares*** | | | | | | |
| Datuk Zainun | 0.065 | 05.12.2008 to 04.12.2012 | – | 100,000 | – | 100,000 |
| Aishah Binti | 0.023 | 01.01.2010 to 31.12.2013 | – | 800,000 | – | 800,000 |
| Ahmad (resigned on 28.05.10) | 0.045 | 05.03.2011 to 04.03.2015 | 1,000,000 | 1,000,000 | – | 1,000,000 |
| Freddie Pang | 0.231 | 29.12.2005 to 28.12.2009 | – | 207,656 | 207,656 | – |
| Hock Cheng | 0.048 | 01.04.2007 to 31.03.2011 | – | 458,823 | – | 458,823 |
| | 0.058 | 20.05.2008 to 19.05.2012 | – | 400,000 | – | 400,000 |
| | 0.065 | 05.12.2008 to 04.12.2012 | – | 400,000 | – | 400,000 |
| | 0.023 | 01.01.2010 to 31.12.2013 | – | 800,000 | – | 800,000 |
| | 0.045 | 05.03.2011 to 04.03.2015 | 1,000,000 | 1,000,000 | – | 1,000,000 |
| Ung Gim Sei | 0.231 | 29.12.2005 to 28.12.2009 | – | 207,656 | 207,656 | – |
| | 0.048 | 01.04.2007 to 31.03.2011 | – | 429,411 | 200,000 | 229,411 |
| | 0.058 | 20.05.2008 to 19.05.2012 | – | 400,000 | – | 400,000 |
| | 0.065 | 05.12.2008 to 04.12.2012 | – | 400,000 | – | 400,000 |
| | 0.023 | 01.01.2010 to 31.12.2013 | – | 800,000 | – | 800,000 |
| | 0.045 | 05.03.2011 to 04.03.2015 | 1,000,000 | 1,000,000 | – | 1,000,000 |
| Prof. Chew Soon | 0.058 | 20.05.2008 to 19.05.2012 | – | 400,000 | – | 400,000 |
| Beng @ Teo | 0.065 | 05.12.2008 to 04.12.2012 | – | 400,000 | – | 400,000 |
| Soon Beng | 0.023 | 01.01.2010 to 31.12.2013 | – | 800,000 | – | 800,000 |
| | 0.045 | 05.03.2011 to 04.03.2015 | 1,000,000 | 1,000,000 | – | 1,000,000 |
| Anderson Tang | 0.231 | 29.12.2005 to 28.12.2009 | – | 207,656 | – | – |
| Siu Ki (resigned | 0.048 | 01.04.2007 to 31.03.2011 | – | 458,823 | 458,823 | – |
| on 31.03.10) | 0.058 | 20.05.2008 to 19.05.2012 | – | 400,000 | – | 400,000 |
| | 0.065 | 05.12.2008 to 04.12.2012 | – | 400,000 | – | 400,000 |
| | 0.023 | 01.01.2010 to 31.12.2013 | – | 800,000 | 400,000 | 400,000 |

Since the commencement of the Scheme till the end of the financial year:

- No options have been granted to the controlling shareholders of the Company and their associates;
- No participant has received 5% or more of the total options available under the plans;
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted; and
- No options have been granted at a discount.

## 6. Warrants

The Group issued:

(i) 78,400,000 Warrants 2009 on 1 October 2004 at an exercise price of $0.25 per warrant; and

(ii) 195,999,994 Warrants 2011 on 6 January 2006 at an exercise price of $0.05 per warrant.

The warrants are valid for exercise within a period of 5 years commencing from the first date of issue of the warrants.

104,856,854 Warrants 2009 which was not converted to shares has expired on 30 September 2009.

As at 31 March 2010, there were 164,960,665 (2009: 164,964,106) outstanding Warrants 2011, which can be exercised to subscribe for 164,960,665 (2009: 164,964,106) ordinary shares of the Company.

## 7. Audit and Risk Management Committee

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

Mr Ung Gim Sei – Chairman and Independent Director
Prof. Chew Soon Beng @ Teo Soon Beng – Independent Director
Mr Freddie Pang Hock Cheng – Non-Executive Director

The Audit and Risk Management Committee performed the functions specified in the Act. The functions performed are detailed in the Report on Corporate Governance.

## 8. Auditors

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

On behalf of the Board of Directors:

Tan Sri Professor Emeritus Dr Abu Hassan Bin Othman
Director

Patrick Ho Kwok Sum
Director

Singapore
28 June 2010

# Statement by Directors
Pursuant to Section 201(15)

We, Tan Sri Professor Emeritus Dr Abu Hassan Bin Othman and Patrick Ho Kwok Sum, being two of the directors of Informatics Education Ltd, do hereby state that, in the opinion of the directors:

(i) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2010 and the results of the business, changes in equity and cash flows of the Group for the year ended on that date; and

(ii) 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 Professor Emeritus Dr Abu Hassan Bin Othman
Director

Patrick Ho Kwok Sum
Director

Singapore
28 June 2010

# Independent Auditors' Report
for the year ended 31 March 2010

## To the Members of Informatics Education Ltd

We have audited the accompanying financial statements of Informatics Education Ltd (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 38 to 87, which comprise the balance sheets of the Group and the Company as at 31 March 2010, the statement of changes in equity, the income statement, statement of comprehensive income and the statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditors' responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# Independent Auditors' Report (cont'd)
for the year ended 31 March 2010

## To the Members of Informatics Education Ltd

**Opinion**

In our opinion,

(a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of 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 2010 and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) the accounting and other records 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.

Ernst & Young LLP
Public Accountants and
Certified Public Accountants
Singapore
28 June 2010

# Balance Sheets
for the year ended 31 March 2010 (In Singapore dollars)

| | Note | Group 2010 $'000 | Group 2009 $'000 | Company 2010 $'000 | Company 2009 $'000 |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Property, plant and equipment | 4 | 1,373 | 1,987 | 455 | 438 |
| Intangible assets | 5 | 828 | – | – | – |
| Investments in subsidiaries | 6 | – | – | 16,692 | 2,225 |
| Other investments | 7 | – | – | – | – |
| Investment in associates | 7 | – | – | – | – |
| Deferred tax assets | 8 | 36 | 50 | – | – |
| | | 2,237 | 2,037 | 17,147 | 2,663 |
| **Current assets** | | | | | |
| Inventories | | 10 | 12 | – | – |
| Prepayments | | 1,020 | 1,180 | 116 | 181 |
| Trade and other receivables | 9 | 5,105 | 3,844 | 6,728 | 5,765 |
| Unrestricted cash and cash equivalents | 10 | 23,953 | 23,490 | 2,598 | 16,614 |
| Restricted cash at bank | 10 | 1,766 | 2,875 | – | 1,050 |
| | | 31,854 | 31,401 | 9,442 | 23,610 |
| **Current liabilities** | | | | | |
| Fees received in advance | | 13,876 | 16,903 | – | – |
| Deferred income and fees | | 482 | 553 | 268 | 369 |
| Trade and other payables | 11 | 15,539 | 14,978 | 11,013 | 10,563 |
| Accruals for withholding tax | | 130 | 1,345 | 130 | 386 |
| Income tax payable | | 200 | 287 | – | – |
| | | 30,227 | 34,066 | 11,411 | 11,318 |
| **Net current assets/(liabilities)** | | 1,627 | (2,665) | (1,969) | 12,292 |
| **Total net assets/(liabilities)** | | 3,864 | (628) | 15,178 | 14,955 |
| **Equity attributable to equity holders of the Company** | | | | | |
| Share capital | 12 | 19,904 | 19,870 | 19,904 | 19,870 |
| Reserves | 13 | (16,046) | (20,498) | (4,726) | (4,915) |
| | | 3,858 | (628) | 15,178 | 14,955 |
| Minority interests | | 6 | – | – | – |
| **Total equity/(deficit)** | | 3,864 | (628) | 15,178 | 14,955 |

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

# Consolidated Income Statement

for the year ended 31 March 2010 (In Singapore dollars)

| | Note | 2010<br>$'000 | 2009<br>$'000 |
|---|---|---|---|
| Operating revenue | 14 | 39,213 | 43,584 |
| Employee benefits expense | 15 | (15,663) | (19,511) |
| Depreciation of property, plant and equipment | 4 | (936) | (1,328) |
| Other operating expenses | 16 | (19,850) | (18,441) |
| Interest expense | 17 | – | (20) |
| Interest income | 17 | 105 | 386 |
| **Profit before taxation** | | 2,869 | 4,670 |
| Tax write back/(expense) | 18 | 1,086 | (303) |
| **Profit for the year** | | 3,955 | 4,367 |
| | | | |
| **Profit/(Loss) attributable to:** | | | |
| Owners of the parent | | 3,962 | 4,367 |
| Minority interests | | (7) | – |
| | | 3,955 | 4,367 |
| | | | |
| **Earnings per share attributable to owners of the parent (cents per share)** | 19 | | |
| Basic | | 0.32 | 0.35 |
| Diluted | | 0.31 | 0.35 |

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

# Consolidated Statement of Comprehensive Income

for the year ended 31 March 2010 (In Singapore dollars)

| | 2010<br>$'000 | 2009<br>$'000 |
|---|---|---|
| **Profit for the year** | 3,955 | 4,367 |
| **Other comprehensive income/(loss):** | | |
| Foreign currency translation | 345 | (547) |
| Other comprehensive income/(loss) for the year, net of tax | 345 | (547) |
| **Total comprehensive income for the year** | 4,300 | 3,820 |
| | | |
| **Total comprehensive income/(loss) attributable to:** | | |
| Owners of the parent | 4,307 | 3,820 |
| Minority interests | (7) | – |
| | 4,300 | 3,820 |

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

# Consolidated Statement of Changes in Equity

for the year ended 31 March 2010 (In Singapore dollars)

| | Note | Attributable to owners of the parent | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Share capital $'000 | Employee share option reserve $'000 | Translation reserve $'000 | Accumulated losses $'000 | Total reserves $'000 | Minority interests $'000 | Total equity $'000 |
| **At 1 April 2009** | | 19,870 | 1,093 | (3,110) | (18,481) | (20,498) | – | (628) |
| Profit for the year | | – | – | – | 3,962 | 3,962 | (7) | 3,955 |
| Other comprehensive income for the year | | – | – | 345 | – | 345 | – | 345 |
| Total comprehensive income for the year | | – | – | 345 | 3,962 | 4,307 | (7) | 4,300 |
| Shares issued due to exercise of employee share options | 12 | 34 | – | – | – | – | – | 34 |
| Issuance of new shares to minority shareholder | | – | – | – | – | – | 13 | 13 |
| Expiry of employee share options | 13 | – | (279) | – | 279 | – | – | – |
| Grant of equity-settled share options | 13 | – | 145 | – | – | 145 | – | 145 |
| **At 31 March 2010** | | 19,904 | 959 | (2,765) | (14,240) | (16,046) | 6 | 3,864 |
| **At 1 April 2008** | | 19,870 | 743 | (2,563) | (22,848) | (24,668) | – | (4,798) |
| Profit for the year | | – | – | – | 4,367 | 4,367 | – | 4,367 |
| Other comprehensive income for the year | | – | – | (547) | – | (547) | – | (547) |
| Total comprehensive income for the year | | – | – | (547) | 4,367 | 3,820 | – | 3,820 |
| Grant of equity-settled share options | 13 | – | 350 | – | – | 350 | – | 350 |
| **At 31 March 2009** | | 19,870 | 1,093 | (3,110) | (18,481) | (20,498) | – | (628) |

The nature of the reserves and the movements in the reserves of the Company are shown in Note 13.

*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 2010 (In Singapore dollars)

| | Note | 2010<br>$'000 | 2009<br>$'000 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Profit before taxation | | 2,869 | 4,670 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 4 | 936 | 1,328 |
| Gain on disposal of property, plant and equipment | 16 | (32) | (55) |
| Fixed assets written off | 16 | 90 | – |
| (Writeback)/Allowance for doubtful receivables | 16 | (914) | 1,017 |
| Bad debts written-off | 16 | 839 | 573 |
| Gain on disposal of other investment | 16 | (552) | – |
| Loss on liquidation of subsidiaries | | – | 12 |
| Reversal of accruals for training costs and materials | 16 | – | (4,135) |
| Employee share option expense | 15 | 145 | 350 |
| Interest expense | 17 | – | 20 |
| Interest income | 17 | (105) | (386) |
| Unrealised exchange loss | | 343 | 196 |
| **Operating profit before working capital changes** | | 3,619 | 3,590 |
| Decrease in inventories | | 2 | 7 |
| Decrease in restricted short-term deposits | | 1,050 | – |
| (Increase)/decrease in trade and other receivables and prepayments | | (1,026) | 1,894 |
| Decrease/(increase) in cash held in escrow account | | 59 | (99) |
| Decrease in fees received in advance | | (3,027) | (814) |
| Increase/(decrease) in trade and other payables deferred income and accruals for withholding tax | | 487 | (5,449) |
| **Cash generated from/(used in) operations** | | 1,164 | (871) |
| Interest paid | | – | (20) |
| Interest received | | 105 | 386 |
| Tax paid | | (185) | (514) |
| **Net cash generated from/(used in) operating activities** | | 1,084 | (1,019) |
| **Cash flow from investing activities** | | | |
| Purchase of property, plant and equipment | 4 | (597) | (887) |
| Expenditure on Intangible assets | | (828) | – |
| Proceeds from disposal of property, plant and equipment | | 232 | 153 |
| Proceeds on disposal of other investment | | 550 | – |
| **Net cash used in investing activities** | | (643) | (734) |
| **Cash flow from financing activities** | | | |
| Proceeds from issuance of ordinary shares | 12 | 34 | – |
| Capital contribution by minority shareholder | | 13 | – |
| **Net cash generated from financing activities** | | 47 | – |
| Net increase/(decrease) in cash and cash equivalents | | 488 | (1,753) |
| Cash and cash equivalents at beginning of year | | 23,490 | 26,027 |
| Effects of exchange rate changes on opening cash and cash equivalents | | (25) | (784) |
| **Cash and cash equivalents at end of year** | 10 | 23,953 | 23,490 |

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

# Notes to the Financial Statements
for the year ended 31 March 2010 (In Singapore dollars)

## 1. Corporate information

Informatics Education Ltd (the "Company") is a limited liability company domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX). 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 and licensor for computer and commercial training centres and examination facilitators. The Company also operates under the names, "Informatics Academy International", "Informatics Consulting", "Thames Academy", "Thames International", "Informatics Higher Education", "Informatics Corporate Learning" and "Informatics Uni" being sole-proprietorships registered under the name of the Company. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

## 2. Summary of significant accounting policies

### 2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet 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*

On 1 April 2009, the Group has adopted all new or amended FRS and Interpretation to FRS (INT FRS) which are mandatory for application from that date. Changes to the Group's accounting policies have been made as required in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the revised FRS and INT FRS that are relevant to the Group for the financial year ended 31 March 2010:

| | |
|---|---|
| FRS 1 | Presentation of Financial Statements (Revised) |
| Amendments to FRS 107 | Financial Instruments: Disclosures |
| FRS 108 | Operating Segments |
| Improvements to FRSs | Improvements to FRSs issued in 2008 |

Adoption of the above pronouncements in the current financial year did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures, including, in some cases, revisions to accounting policies.

(a) *FRS 1 Presentation of Financial Statements – Revised Presentation*

The revised FRS 1 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the Standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. The Group has elected to present this statement as two linked statements.

2.2 ***Changes in accounting policies (cont'd)***

(b) *Amendments to FRS 107 Financial Instruments: Disclosures*

The amendments to FRS 107 require additional disclosure about fair value measurement and liquidity risk.

Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The above has no impact on the disclosures for the Group and Company, as the Group and Company does not hold any financial instruments measured at fair value as at year end.

The amendments also clarify the requirements for liquidity risk disclosures. The fair value measurement disclosures and liquidity risk disclosures are presented in Note 23 and Note 24 to the financial statements respectively.

(c) *FRS 108 Operating Segments*

FRS 108 requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary and secondary reporting segments of the Group. The Group determined that the reportable operating segments are the same as the business segments previously identified under FRS 14 Segment Reporting. Additional disclosures about each of the segments are shown in Note 22, including revised comparative information.

(d) *Improvements to FRSs issued in 2008*

In 2008, the Accounting Standards Council issued an omnibus of amendments to FRS. There are separate transitional provisions for each amendment. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group:

- FRS 16 Property, Plant and Equipment: Replaces the term "net selling price" with "fair value less costs to sell". The Group amended its accounting policy accordingly, which did not result in any change in the financial position.

for the year ended 31 March 2010 (In Singapore dollars)

### 2.3 *Standards issued but not yet effective*

The Group and the Company have not applied the following FRS and INT FRS that have been issued but not yet effective:

| Description | Effective for annual periods beginning on or after |
|---|---|
| Amendments to FRS 27 Consolidated and Separate Financial Statements | 1 July 2009 |
| Amendments to FRS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items | 1 July 2009 |
| Revised FRS 103 Business Combinations | 1 July 2009 |
| INT FRS 117 Distributions of Non-cash Assets to Owners | 1 July 2009 |
| Amendments to FRS 101 Additional Exemptions for First-time Adopters | 1 January 2010 |
| Amendments to FRS 102 - Group Cash-settled Share-based Payment Transactions | 1 January 2010 |
| Amendments to FRS 32 Classification of Rights Issues | 1 February 2010 |
| INT FRS 119 Extinguishing Financial Liabilities with Equity Instruments | 1 July 2010 |
| Revised FRS 24 Related Party Disclosures | 1 January 2011 |
| Amendments to INT FRS 114 Prepayments of a Minimum Funding Requirement | 1 January 2011 |
| Improvements to FRSs issued in 2009 | Various dates after 1 July 2009 |

The directors expect that the adoption of the above pronouncements, if applicable, will have no material impact to the financial statements in the period of initial application.

### 2.4 Basis 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 used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

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.

Any excess of the cost of the business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet.

Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in the income statement on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are 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.

### 2.5 Transactions with minority interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with equity holders. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is reflected as being a transaction between owners and recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

### 2.6 Foreign currency

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 profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken to a separate component of equity as foreign currency translation reserve. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

### 2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful life of the asset as follows:

| | |
|---|---|
| Freehold buildings and leasehold land and buildings | - Shorter of 50 years or entire lease period |
| 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 income statement in the year the asset is derecognised.

### 2.8 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

### 2.8 Intangible assets (cont'd)

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

*Development costs*

Deferred development costs are recognised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development. These costs are amortised over 3 years on a straight line basis.

### 2.9 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.

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

### 2.10 Other investments

The Group's long term other investments are classified as available-for-sale financial assets.

The accounting policy for such financial assets is stated in Note 2.13.

### 2.11 Inventories

Inventories are stated at the lower of cost or net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for on a weighted average cost basis.

## 2.12 **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 an annual impairment assessment for an asset 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. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the income statement. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. 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 increase cannot exceed the carrying amount, that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the income statement.

## 2.13 **Financial assets**

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.

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired. On derecognition of a financial asset in its entirely, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the income statement.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell 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.

(a) *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 income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The Group classifies the following financial assets as loans and receivables:

- Cash and bank balances;

- Trade and other receivables, including amounts due from related parties.

2.13 **Financial assets (cont'd)**

(b) *Available-for-sale financial assets*

Available-for-sale financial assets are financial assets that are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in the income statement. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

2.14 **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 financial assets 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 discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the income statement.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written-off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statement.

(b) *Assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at 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 discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) *Available-for-sale financial assets*

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Reversals of impairment losses in respect of equity instruments are not recognised in the income statement. Reversals of impairment losses on debt instruments are recognised in the income statement if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

## 2.15 **Cash and bank balances**

Cash and cash equivalents consist of cash on hand 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 and cash equivalents exclude cash and deposits which are restricted in use.

## 2.16 **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.

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 economic resources will be required to settle the obligation, the provision is reversed.

## 2.17 **Financial liabilities**

Financial liabilities within the scope of FRS 39 are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs. Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for financial guarantee) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in the income statement when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the income statement. Net gains or losses on derivatives include exchange differences.

A financial liability is derecognised when the obligation under the liability is extinguished. When 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 income statement.

Financial liabilities include trade payables, which are normally settled on 30-90 day terms, other amounts payable, payables to related parties and interest-bearing loans and borrowings.

## 2.18 **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.

### 2.18 **Employee benefits (cont'd)**

(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*

Eligible employees of the Group receive remuneration in the form of share options as consideration for services rendered.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in the income statement, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised 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 options that will ultimately vest. The charge or credit to the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued.

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

### 2.19 **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. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

*Government grants related to income*

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to staff costs are presented as a credit to "Employee benefits expense" in the income statement.

### 2.20 **Revenue**

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. Revenue is measured at the fair value of consideration received or receivable.

(a) *Course fees*

Course fee is generally recognised as revenue over the duration of the course. For courses hosted on the e-learning portal, course fee is recognised as revenue over the period access is granted, which typically coincides with the duration of the course. Fees received prior to the commencement of the courses are recorded as fees received in advance in the balance sheet.

2.20 **Revenue (cont'd)**

(b) *Examination fees*

Examination fee is recognised as revenue when examination services are substantially rendered to the students. When examination dates fall in the next financial year, judgement is used to establish the proportion of revenue that may be recognised in the current period based upon stage of completion of services performed within the period as a proportion of the total services to be performed.

(c) *Franchise fees*

Initial franchise fee is recognised as revenue when the contractual requirements under the franchise agreement are completed and when collectibility is certain. Recurring franchise fee is recognised as revenue on a monthly basis, determined as a percentage of revenue generated by the franchisees, and when collectibility is certain.

(d) *Licence fees*

Licence fee is recognised as revenue on a straight-line basis over the duration of the agreement. Accreditation fee from potential licensee is recognised upon completion and issue of accreditation report, and when collectibility is certain.

(e) *Interest income*

Interest income is recorded using the effective interest rate method.

(f) *Rental income*

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(g) *Dividend income*

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

2.21 **Leases**

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

*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 at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. 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 to profit or loss. 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 and 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 profit or loss 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.

2.22 **Income taxes**

(a) *Current tax*

Current tax assets and liabilities 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.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) *Deferred tax*

Deferred taxation is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

(i) where the deferred income 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 reverse 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:

(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 income 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 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 tax asset to be utilised.

Unrecognised deferred 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 utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period 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.

Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income 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 in 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.

### 2.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 22, including the factors used to identify the reportable segments and the measurement basis of segment information.

### 2.24 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

### 2.25 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

## 3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

### 3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made certain judgements, apart from those involving estimations, which has significant effect on the amounts recognised in the financial statements.

### 3.1 Judgements made in applying accounting policies (cont'd)

*Development costs*

Development costs are capitalised in accordance with the accounting policy in Note 2.8. Initial capitalisation of costs is based on management's judgement that economical feasibility is confirmed when the development project has reached a defined milestone according to an established project management model and when recoverability can be assessed with reasonable certainty. In determining the amounts to be capitalised, management makes assumptions regarding the expected future economic benefits of the project, discount rates to be applied and the expected period of benefits. The carrying amount of development costs capitalised at the balance sheet date was $828,000 (2009: $nil).

*Income tax payable*

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 as at 31 March 2010 was $200,000 (2009: $287,000). The carrying amount of the Group's deferred tax assets and deferred tax liabilities as at 31 March 2010 was $36,000 (2009: $50,000) and $nil (2009: $nil) respectively.

### 3.2 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:

*Useful lives of plant and equipment*

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these plants and equipment to be within 3 to 10 years. The carrying amount of the Group's plant and equipment as at 31 March 2010 was $980,000 (2009: $1,478,000). 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.

*Impairment of loans and receivables*

To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the balance sheet date is disclosed in Note 23 to the financial statements.

*Recognition of examination fees revenue*

Examination fees are recognised as revenue when examination services are substantially performed. When examination dates fall in the next financial year, management is required to use its judgement to establish the proportion of fees to be recognised as revenue in the current period based on services performed during the period as a proportion of the total services to be performed. The proportion is derived based on the lost incurred for the respective services.

## 4. Property, plant and equipment

| | Freehold land $'000 | Freehold buildings $'000 | Furniture and fittings, office and computer equipment $'000 | Improvement to premises $'000 | Training aids $'000 | Motor vehicles $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| Cost | | | | | | | |
| At 1 April 2008 | 88 | 720 | 23,477 | 5,355 | 1,025 | 380 | 31,045 |
| Additions | – | – | 318 | 162 | 178 | 229 | 887 |
| Disposals/write-off | – | – | (6,405) | (1,016) | (9) | (334) | (7,764) |
| Exchange differences on consolidation | – | (29) | (266) | (148) | (8) | – | (451) |
| At 31 March 2009 and 1 April 2009 | 88 | 691 | 17,124 | 4,353 | 1,186 | 275 | 23,717 |
| Additions | – | – | 474 | 13 | 110 | – | 597 |
| Disposals/write-off | – | (170) | (7,982) | (1,548) | (12) | (44) | (9,756) |
| Exchange differences on consolidation | – | 22 | (52) | (52) | (2) | (2) | (86) |
| At 31 March 2010 | 88 | 543 | 9,564 | 2,766 | 1,282 | 229 | 14,472 |
| Accumulated depreciation and impairment | | | | | | | |
| At 1 April 2008 | – | 264 | 21,936 | 4,958 | 982 | 308 | 28,448 |
| Charge for the year | – | 13 | 907 | 300 | 57 | 51 | 1,328 |
| Disposals/write-off | – | – | (6,366) | (1,008) | (9) | (283) | (7,666) |
| Exchange differences on consolidation | – | (7) | (222) | (149) | (2) | – | (380) |
| At 31 March 2009 and 1 April 2009 | – | 270 | 16,255 | 4,101 | 1,028 | 76 | 21,730 |
| Charge for the year | – | 11 | 612 | 159 | 116 | 38 | 936 |
| Disposals/write-off | – | (48) | (7,906) | (1,460) | (8) | (44) | (9,466) |
| Exchange differences on consolidation | – | 5 | (48) | (54) | (2) | (2) | (101) |
| At 31 March 2010 | – | 238 | 8,913 | 2,746 | 1,134 | 68 | 13,099 |
| Net book value | | | | | | | |
| At 31 March 2010 | 88 | 305 | 651 | 20 | 148 | 161 | 1,373 |
| At 31 March 2009 | 88 | 421 | 869 | 252 | 158 | 199 | 1,987 |

**4. Property, plant and equipment (cont'd)**

| | Furniture and fittings, office and computer equipment $'000 | Improvement to premises $'000 | Training aids $'000 | Motor vehicles $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Company** | | | | | |
| Cost | | | | | |
| At 1 April 2008 | 1,786 | – | 1,563 | 243 | 3,592 |
| Additions | 48 | – | 114 | 229 | 391 |
| Transfer to a subsidiary | 27 | 2 | – | – | 29 |
| Disposals | (1,299) | – | – | (243) | (1,542) |
| As at 31 March 2009 and 1 April 2009 | 562 | 2 | 1,677 | 229 | 2,470 |
| Additions | 136 | – | 70 | – | 206 |
| Disposals | (16) | – | – | – | (16) |
| At 31 March 2010 | 682 | 2 | 1,747 | 229 | 2,660 |
| Accumulated depreciation and impairment | | | | | |
| At 1 April 2008 | 1,666 | – | 1,543 | 171 | 3,380 |
| Charge for the year | 70 | – | 23 | 51 | 144 |
| Disposals | (1,300) | – | – | (192) | (1,492) |
| As at 31 March 2009 and 1 April 2009 | 436 | – | 1,566 | 30 | 2,032 |
| Charge for the year | 81 | 1 | 55 | 38 | 175 |
| Disposals | (2) | – | – | – | (2) |
| At 31 March 2010 | 515 | 1 | 1,621 | 68 | 2,205 |
| Net book value | | | | | |
| At 31 March 2010 | 167 | 1 | 126 | 161 | 455 |
| At 31 March 2009 | 126 | 2 | 111 | 199 | 438 |

## 5. Intangible assets

| | Group 2010 $'000 |
|---|---|
| ***Development costs*** | |
| Cost: | |
| As at 1 April 2009 | – |
| Additions | 828 |
| As at 31 March 2010 | 828 |
| Net book value: | |
| As at 31 March 2010 | 828 |
| As at 31 March 2009 | – |

Development costs relate to programme certification costs incurred by the Group and have an amortisation period of 3 years commencing from the date the related work is completed and the corresponding revenue is earned. As the related work had not been completed at the end of the financial year, there was no amortisation charge recorded for the year.

## 6. Investment in subsidiaries

| | Company | |
|---|---|---|
| | 2010 $'000 | 2009 $'000 |
| Unquoted equity shares, at cost | 104,903 | 60,218 |
| Impairment loss | (88,211) | (57,993) |
| Carrying amount | 16,692 | 2,225 |
| Movement in impairment loss is as follows: | | |
| Balance at beginning of year | 57,993 | 57,855 |
| Charge for the year | 30,375 | 776 |
| Write-off during the year due to liquidation of subsidiaries | (157) | (638) |
| Balance at end of year | 88,211 | 57,993 |

**6. Investment in subsidiaries (cont'd)**

| | Name of Company (country of incorporation and place of business) | Principal activities | Proportion (%) of ownership interests 2010 % | 2009 % | Cost of investment by the Company 2010 $'000 | 2009 $'000 |
|---|---|---|---|---|---|---|
| | **Held by the Company** | | | | | |
| (1) | Informatics Education Singapore Pte Ltd (name has been changed to Informatics Academy Pte. Ltd. with effect from 3 May 2010) (Singapore) | Computer and business education and training, business management consultancy and child development | 100 | 100 | 45,724 | 724 |
| (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 |
| * | Informatics Education International Pte Ltd (Singapore) | Dormant | – | 100 | – | 315 |
| (1) | Informatics International Pte Ltd (Singapore) | Franchise and licensing business and operation system support | 100 | 100 | 100 | 100 |
| (1) | Informatics Global Campus Pte Ltd (Singapore) | Operation of e-learning portal providing e-learning for higher education, corporations and education services | 100 | 100 | 50 | 50 |
| (2)## | Citinetics Sdn Bhd (Malaysia) | Dormant | 100 | 100 | – | – |
| (2) | Futurekids Learning Centre Sdn Bhd (Malaysia) | Dormant | 100 | 100 | 284 | 284 |
| (2) | Informatics Education Malaysia 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) | Dormant | 100 | 100 | 2,327 | 2,327 |
| (2) | Informatics Computer Education Sdn Bhd (Malaysia) | Dormant | 100 | 100 | 1,182 | 1,182 |
| (7) | Singapore Informatics Computer Institute (Pvt) Ltd (Sri Lanka) | Computer education and training | 100 | 100 | 788 | 788 |

# Notes to the Financial Statements (cont'd)

for the year ended 31 March 2010 (In Singapore dollars)

## 6. Investment in subsidiaries (cont'd)

| | Name of Company (country of incorporation and place of business) | Principal activities | Proportion (%) of ownershp interests 2010 % | 2009 % | Cost of investment by the Company 2010 $'000 | 2009 $'000 |
|---|---|---|---|---|---|---|
| | **Held by the Company** | | | | | |
| (3) | Informatics Education (HK) Ltd (Hong Kong) | Computer education and training | 100 | 100 | 776 | 776 |
| t | Informatics (Shanghai) Ltd (formerly known as Informatics Education (PRC) Ltd) (Hong Kong) | Dormant | 100 | 100 | 909 | 909 |
| t | Informatics (North China) Ltd (Hong Kong) | Dormant | 100 | 100 | 215 | 215 |
| (5) | Informatics Group (Europe) Limited (United Kingdom) | Dormant | 100 | 100 | 37,850 | 37,850 |
| (5) | Informatics Education UK Ltd (United Kingdom) | Investment Holding | 100 | 100 | @ | @ |
| θ | Informatics Consultancy (Shanghai) Co., Ltd (The People's Republic of China) | Dormant | 100 | 100 | 594 | 594 |
| | | | | | 104,903 | 60,218 |

## 6. Investment in subsidiaries (cont'd)

| | Name of Company (country of incorporation and place of business) | Principal activities | Proportion (%) of ownership interests 2010 $'000 | 2009 $'000 |
|---|---|---|---|---|
| | **Held by the subsidiaries** | | | |
| (8) | Informatics Financial Learning Pte Ltd (Singapore) | Developing, maintaining and distributing chartered financial analyst materials | 75 | – |
| (2) t | Informatics Smarter Education Sdn Bhd (Malaysia) | Dormant | 70 | 70 |
| (2) | Informatics Open Learning Services Sdn Bhd (Malaysia) | Computer education and training | 100 | 100 |
| (2) t | IAHE Consultants Sdn Bhd (Malaysia) | Dormant | 100 | 100 |
| (2) t | 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) | Dormant | 100 | 100 |
| (2)## | Informatics Perkasa Sdn Bhd (Malaysia) | Computer education and training | 100 | 100 |
| (4) | NCC Education (M) Sdn Bhd (Malaysia) | Computer education and training | 100 | 100 |
| t | Informatics Professional Training Limited (Hong Kong) | Dormant | 100 | 100 |
| (5) | NCC Education Limited (United Kingdom) | Educational and business management consultancy | 100 | 100 |
| (5) | Informatics Investments Limited (United Kingdom) | Dormant | 60 | 60 |
| (6) | NCC (Beijing) Education Consulting Co., Ltd (The People's Republic of China) | Computer education and training | 100 | 100 |

## 6. Investment in subsidiaries (cont'd)

@ Denotes less than $1,000.
(1) Audited by Ernst & Young LLP, Singapore.
(2) Audited by Siew Boon Yeong & Associates, Malaysia.
(3) Audited by BDO Limited, Hong Kong.
(4) Audited by Rabin & Associates, Malaysia.
(5) Audited by Tenon Audit Limited, United Kingdom.
(6) Audited by Salustro Zhongrui, The People's Republic of China.
(7) Audited by Ernst & Young, Sri Lanka.
(8) Audited by T.S. Tay & Associates, Singapore.
* The subsidiary was liquidated during the year.
θ Not required to be audited by the laws of the country of incorporation.
t Under members' voluntary liquidation.
## Treated as subsidiaries as the Company hold full management control and responsibility over the financial and operating activities of these companies.

## 7. Other investments

| | Note | Group 2010 $'000 | Group 2009 $'000 | Company 2010 $'000 | Company 2009 $'000 |
|---|---|---|---|---|---|
| Unquoted equity shares, at cost | | 3,264 | 1,008 | 4,828 | 1,008 |
| Transfer from investment in associates | 8 | – | 2,256 | – | 3,888 |
| Disposal of investments | | (1,649) | – | (1,757) | (68) |
| Impairment loss | | (1,615) | (3,264) | (3,071) | (4,828) |
| Carrying amount | | – | – | – | – |
| Movement in impairment loss is as follows: | | | | | |
| Balance at beginning of year | | 3,264 | 1,008 | 4,828 | 1,008 |
| Transfer from investment in associates | 8 | – | 2,256 | – | 3,888 |
| Write-off during the year due to disposal of investments | | (1,649) | – | (1,757) | (68) |
| Balance as at end of the year | | 1,615 | 3,264 | 3,071 | 4,828 |

## 7. Other investments (cont'd)

Other investments are investments in unquoted ordinary shares in franchisees in the education service provider sector. The unquoted shares are stated at cost, and have been fully impaired in the previous year.

As at 31 March 2009, the Group and Company reclassified investments in associates to other investments, as the Group and Company does not exercise significant influence over the financial and operating activities of these associated companies.

## 8. Deferred income tax

| | | Group | | | |
|---|---|---|---|---|---|
| | | Consolidated balance sheet | | Consolidated income statement | |
| | Note | 2010 $'000 | 2009 $'000 | 2010 $'000 | 2009 $'000 |
| Deferred tax assets relate to the following: | | | | | |
| Excess of depreciation over capital allowances | | 36 | 50 | 14 | 33 |
| Deferred tax liabilities relate to the following: | | | | | |
| Other temporary differences | | – | – | – | (3) |
| Deferred income tax expense | 18 | | | 14 | 30 |

As at 31 March 2010, the Group has deductible temporary differences of approximately $4,109,000 (2009: $6,175,000) and unutilised tax losses of approximately $79,201,000 (2009: $90,183,000) that are available for offset against future taxable profits, 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 relevant tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies in the Group operate.

## 9. Trade and other receivables

| | Note | Group 2010 $'000 | Group 2009 $'000 | Company 2010 $'000 | Company 2009 $'000 |
|---|---|---|---|---|---|
| Trade receivables | | 6,071 | 5,462 | 4,065 | 3,806 |
| Less: Allowance for doubtful receivables | | (3,875) | (4,019) | (3,191) | (2,963) |
| | | 2,196 | 1,443 | 874 | 843 |
| Other receivables | | 3,843 | 7,087 | 2,015 | 5,368 |
| Less: Allowance for doubtful receivables | | (2,149) | (5,464) | (1,522) | (4,736) |
| | | 1,694 | 1,623 | 493 | 632 |
| Deposits | | 1,193 | 679 | 1 | 1 |
| Staff loans | | 22 | 99 | 8 | 8 |
| Amounts due from subsidiaries | | – | – | 12,293 | 55,603 |
| Less: Allowance for doubtful receivables | | – | – | (6,941) | (51,322) |
| | | – | – | 5,352 | 4,281 |
| Total trade and other receivables | | 5,105 | 3,844 | 6,728 | 5,765 |

***Trade and other receivables***

Trade and other receivables are non-interest bearing and are generally cash on demand. They are recognised at their original invoice amounts, which represents their fair values on initial recognition.

***Related party receivables***

Amounts due from subsidiaries are unsecured, interest-free, are repayable on demand and are expected to be settled in cash.

## 9. Trade and other receivables (cont'd)

***Receivables that are past due but not impaired***

The Group and Company have trade and other receivables amounting to $3,090,000 (2009: $1,745,000) and $1,289,000 (2009: $891,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

| | Note | Group 2010 $'000 | Group 2009 $'000 | Company 2010 $'000 | Company 2009 $'000 |
|---|---|---|---|---|---|
| Trade and other receivables past due: | | | | | |
| Less than 30 days | | 1,563 | 813 | 517 | – |
| More than 30 days, but less than 90 days | | 1,527 | 932 | 772 | 891 |
| | | 3,090 | 1,745 | 1,289 | 891 |

***Receivables that are impaired***

Trade and other receivables that are determined to be impaired at the balance sheet date relate to debtors that are in financial difficulties and have defaulted on payments. The movement of the allowance accounts used to record the impairment is as follows:

**Allowance for impairment loss on trade receivables**

| | Group 2010 $'000 | Group 2009 $'000 | Company 2010 $'000 | Company 2009 $'000 |
|---|---|---|---|---|
| Trade receivables - nominal amounts | 5,541 | 4,884 | 3,666 | 3,277 |
| Less: Allowance for impairment loss | (3,875) | (4,019) | (3,191) | (2,963) |
| | 1,666 | 865 | 475 | 314 |

## 9. Trade and other receivables (cont'd)

| | Note | Group 2010 $'000 | Group 2009 $'000 | Company 2010 $'000 | Company 2009 $'000 |
|---|---|---|---|---|---|
| Movement in allowance accounts: | | | | | |
| At beginning of the year | | 4,019 | 4,265 | 2,963 | 2,895 |
| (Write-back)/charge for the year | 16 | (2) | 387 | 298 | 429 |
| Written-off against allowance | | (100) | (553) | (22) | (434) |
| Exchange difference | | (42) | (80) | (48) | 73 |
| At end of the year | | 3,875 | 4,019 | 3,191 | 2,963 |

***Allowance for impairment loss on other receivables***

| | Note | Group 2010 $'000 | Group 2009 $'000 | Company 2010 $'000 | Company 2009 $'000 |
|---|---|---|---|---|---|
| Other receivables – nominal amounts | | 3,138 | 6,344 | 1,937 | 5,313 |
| Less: Allowance for impairment loss | | (2,149) | (5,464) | (1,522) | (4,736) |
| | | 989 | 880 | 415 | 577 |
| Movement in allowance accounts: | | | | | |
| At beginning of the year | | 5,464 | 1,927 | 4,736 | 1,623 |
| Transfer from allowance on amount due from associates | | – | 2,912 | – | 2,863 |
| (Write-back)/charge for the year | 16 | (912) | 630 | (991) | 259 |
| Written-off against allowance | | (2,282) | (101) | (2,109) | (101) |
| Exchange difference | | (121) | 96 | (114) | 92 |
| At end of the year | | 2,149 | 5,464 | 1,522 | 4,736 |

***Allowance for impairment loss on amounts due from subsidiaries***

| | Note | Group 2010 $'000 | Group 2009 $'000 | Company 2010 $'000 | Company 2009 $'000 |
|---|---|---|---|---|---|
| Amounts due from subsidiaries - nominal amounts | | – | – | 12,293 | 55,508 |
| Less: Allowance for impairment loss | | – | – | (6,941) | (51,322) |
| | | – | – | 5,352 | 4,186 |
| Movement in allowance accounts: | | | | | |
| At beginning of the year | | – | – | 51,322 | 49,277 |
| (Write-back)/charge for the year | | – | – | (43,718) | 3,248 |
| Written-off against allowance | | – | – | (563) | (778) |
| Exchange difference | | – | – | (100) | (425) |
| At end of the year | | – | – | 6,941 | 51,322 |

A reversal of impairment charge of $914,000 (2009: impairment loss of $1,017,000) and bad debts written-off of $839,000 (2009: $573,000) was recognised in the consolidated income statement, subsequent to a debt recovery assessment performed on trade and other receivables as at 31 March 2010, net of collections on the balances that were previously written-down (Note 16).

## 9. Trade and other receivables (cont'd)

**Financial assets that are neither past due nor impaired**

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group.

At the balance sheet date, trade and other receivables were denominated in foreign currencies are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2010 $'000 | 2009 $'000 | 2010 $'000 | 2009 $'000 |
| United States Dollars | 240 | 400 | 278 | 401 |
| Great British Pounds | 249 | 159 | 1,945 | 1,946 |
| Malaysian Ringgit | 455 | – | – | – |
| Hong Kong Dollars | 263 | – | 2 | – |
| Chinese Renminbi | 454 | 107 | 96 | 107 |
| Others | 96 | 78 | 96 | 78 |

## 10. Cash and cash equivalents Restricted cash at bank

| | Group | | Company | |
|---|---|---|---|---|
| | 2010 $'000 | 2009 $'000 | 2010 $'000 | 2009 $'000 |
| ***Cash and cash equivalents*** | | | | |
| Cash at bank and in hand | 8,009 | 8,929 | 1,546 | 2,183 |
| Short-term deposits | 15,944 | 14,561 | 1,052 | 14,431 |
| Total cash and cash equivalents | 23,953 | 23,490 | 2,598 | 16,614 |
| ***Restricted cash at bank*** | | | | |
| Cash held in escrow accounts * | 1,766 | 1,825 | – | – |
| Deposits restricted in use ** | – | 1,050 | – | 1,050 |
| Total restricted cash at bank | 1,766 | 2,875 | – | 1,050 |
| **Total cash and bank balances** | 25,719 | 26,365 | 2,598 | 17,664 |

**10. Cash and cash equivalents**
**Restricted cash at bank (cont'd)**

* A subsidiary is required under Case Trust for Education Scheme in Singapore to open an escrow bank account where tuition fees paid by its international students are held in trust in this escrow account and disbursed by the bank to the subsidiary according to a predetermined schedule.

** Short-term deposits 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.

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 for short-tem deposit is 0.46% (2009: 1.22%) per annum.

At the balance sheet date, cash and short-term deposits were denominated in foreign currencies are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2010 $'000 | 2009 $'000 | 2010 $'000 | 2009 $'000 |
| Australian Dollars | 236 | 6 | – | 6 |
| Great British Pounds | 560 | 717 | 560 | 716 |
| United States Dollars | 521 | 323 | 442 | 255 |
| Chinese Renminbi | 592 | – | – | – |

## 11. Trade and other payables

| | Group | | Company | |
|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 |
| | $'000 | $'000 | $'000 | $'000 |
| ***Trade and other payables*** | | | | |
| Trade payables | 2,321 | 2,173 | 310 | 200 |
| Deposits received | 1,100 | 1,201 | 537 | 537 |
| Other payables | 1,690 | 1,242 | 982 | 793 |
| Accrued operating expenses | 10,428 | 10,362 | 2,118 | 2,251 |
| Due to subsidiaries | – | – | 7,066 | 6,782 |
| Total trade and other payables | 15,539 | 14,978 | 11,013 | 10,563 |

***Trade and other payables***

Trade and other payables are non-interest bearing and are normally settled on 30-90 days term.

***Related party payables***

The amounts due to subsidiaries and associates are unsecured, interest-free and repayable on demand. The amounts are expected to be settled in cash.

***Deposits received***

Deposits received are non-interest bearing and repayable on demand.

At the balance sheet date, trade and other payables were denominated in foreign currencies are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 |
| | $'000 | $'000 | $'000 | $'000 |
| United States Dollars | 160 | 1,136 | 79 | 324 |
| Australian Dollars | 1,595 | 1,732 | – | 78 |
| Great British Pounds | 850 | 2,188 | 1,970 | 1,968 |
| Malaysian Ringgit | – | 1 | – | 1 |
| Others | 85 | – | – | – |

## 12. Share capital

| | Note | Group and Company 2010 No. of shares '000 | 2010 $'000 | 2009 No. of shares '000 | 2009 $'000 |
|---|---|---|---|---|---|
| Issued and fully paid: | | | | | |
| At beginning of the year | | 1,255,124 | 19,870 | 1,255,124 | 19,870 |
| Exercise of employee share options and warrants | 15 | 963 | 34 | – | – |
| At end of the year | | 1,256,087 | 19,904 | 1,255,124 | 19,870 |

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 restrictions. The ordinary shares have no par value.

During the year, the Company issued the following new shares:

- 500,000 new ordinary shares at the issue price of $0.023 per share upon the exercise of 500,000 share options under the employee share option scheme of the Company.
- 458,823 new ordinary shares at the issue price of $0.048 per share upon the exercise of 458,823 share options under the employee share option scheme of the Company.
- 3,441 ordinary shares at the exercise price of $0.050 per share upon the exercise of Warrants 2011.

Details of outstanding share options as at 31 March 2010 are shown in Note 15.

As at 31 March 2010, there were 164,960,665 (2009: 164,964,106) outstanding Warrants 2011, which can be exercised to subscribe for 164,960,665 (2009: 164,964,106) ordinary shares of the Company.

## 13. Reserves

| | Company | |
|---|---|---|
| | 2010 | 2009 |
| | $'000 | $'000 |
| Employee share option reserve | 959 | 1,093 |
| Accumulated losses | (5,685) | (6,008) |
| | (4,726) | (4,915) |

Analysis of movement in the reserves of the Company:

***Employee share option reserve***

| | | |
|---|---|---|
| At the beginning of year | 1,093 | 743 |
| Grant of equity-settled share options | 145 | 350 |
| Expiry of employee share options | (279) | – |
| At end of year | 959 | 1,093 |

***Accumulated losses***

| | | |
|---|---|---|
| At the beginning of year | (6,008) | (9,845) |
| Net profit for the year | 44 | 3,837 |
| Expiry of employee share options | 279 | – |
| At end of year | (5,685) | (6,008) |

***Foreign currency translation reserve***

The foreign currency translation reserve of the Group records 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.

***Employee share option reserve***

Employee share option reserve represents the value of equity-settled share options granted to employees (Note 15). The reserve represents the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options.

### 14. Operating revenue

| | Group | |
|---|---|---|
| | 2010 | 2009 |
| | $'000 | $'000 |
| Training, examination and education course fees | 38,388 | 42,782 |
| Franchise and service income | 509 | 749 |
| Rental income | 316 | 53 |
| | 39,213 | 43,584 |

### 15. Employee benefits expense

| | Group | |
|---|---|---|
| | 2010 | 2009 |
| | $'000 | $'000 |
| Employee benefits expense (including key management personnel): | | |
| - salaries and bonuses | 14,277 | 18,033 |
| - defined contribution plan contributions | 1,671 | 1,244 |
| - grant of equity-settled share options | 145 | 350 |
| - government grant from Jobs Credit Scheme | (430) | (116) |
| | 15,663 | 19,511 |

***Government grant***

During the financial year, the Group received cash grant of $430,000 (2009: $116,000) under the Jobs Credit Scheme ("Scheme") on the first $2,500 of each month's wages for each eligible employee in Singapore on their Central Provident Fund payroll. The Scheme is for eighteen months with effect from 1 January 2009 to 30 June 2010.

***Employee share option plan***

The Company has an employee share option scheme, The Informatics Group Share Option Scheme (the "Scheme"), for granting of non-transferable options to eligible employees and The Directors of the Group.

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

Prof. Chew Soon Beng @ Teo Soon Beng – Chairman and Independent Director
Mr Ung Gim Sei – Independent Director
Mr Freddie Pang Hock Cheng – Non Executive 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 the nominal value of a share.

for the year ended 31 March 2010 (In Singapore dollars)

## 15. Employee benefits expense (cont'd)

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.

There are no cash settlement alternatives in the Scheme.

***Movement of share options during the financial year***

The following table summarises the number and weighted average exercise price of, and movements in share options during the financial year:

| | No. of options in financial year 2010 | Weighted average exercise price in financial year 2010 $ | No. of options in financial year 2009 | Weighted average exercise price in financial year 2009 $ |
|---|---|---|---|---|
| Outstanding at beginning of year | 35,478,976 | 0.051 | 23,990,326 | 0.072 |
| Granted during the year (1) | 13,739,000 | 0.045 | 15,621,000 | 0.023 |
| Exercised during the year (2) | (958,823) | 0.035 | – | – |
| Forfeited during the year | (2,939,413) | 0.046 | (4,132,350) | 0.068 |
| Expired during the year (3) | (1,559,566) | 0.231 | – | – |
| Outstanding at end of year | 43,760,174 | 0.043 | 35,478,976 | 0.051 |
| Exercisable at end of year | 19,936,174 | 0.046 | 12,957,976 | 0.078 |

(1) The weighted average fair value of share options granted during the year was $0.045 per share (2009: $0.015 per share), with a share option acceptance date expiring on 3 April 2010.

(2) The weighted average share price at the date of exercise of the options exercised during the year was $0.0496 (2009: $nil).

(3) The weighted average remaining contractual life for the share options outstanding at the end of the year is 3.51 years (2009: 3.70 years).

for the year ended 31 March 2010 (In Singapore dollars)

## 15. Employee benefits expense (cont'd)

Details of outstanding share options as at 31 March 2010 are as follows:

| Offer date | Period during which options are exercisable | Exercise price $ | Number of outstanding options to subscribe for ordinary shares |
|---|---|---|---|
| 31.03.2006* | 01.04.2007 to 31.03.2011 | 0.048 | 3,457,174 |
| 19.05.2007 | 20.05.2008 to 19.05.2012 | 0.058 | 6,050,000 |
| 04.12.2007 | 05.12.2008 to 04.12.2012 | 0.065 | 6,738,000 |
| 31.12.2008 | 01.01.2010 to 31.12.2013 | 0.023 | 13,776,000 |
| 04.03.2010** | 05.03.2011 to 04.03.2015 | 0.045 | 13,739,000 |
| | | | 43,760,174 |

* The number of options and exercise prices of this option was adjusted in accordance with the terms of the Scheme in connection with the rights issue undertaken by the Company in May 2007.

** 13,263,000 options were accepted after 31 March 2010 up to the last date of acceptance on 3 April 2010.

The fair value of share options as at the date of grant is estimated using a binomial model, taking into account the terms and conditions upon which the options were granted. The inputs to the model used for the years ended 31 March 2010 and 2009 are shown below:

| | 2010 | 2009 |
|---|---|---|
| Dividend yield (%) | – | – |
| Expected volatility (%) | 95.00 | 95.00 |
| Historical volatility (%) | 95.00 | 95.00 |
| Risk-free interest rate (%) | 3.00 | 3.00 |
| Expected life of options (years) | 3.00 – 4.00 | 3.00 – 4.00 |
| Weighted average share price ($) | 0.045 | 0.023 |

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.

## 16. Other operating expenses

The following items have been charged/(credited) in arriving at other operating expenses:

| | Note | Group 2010 $'000 | Group 2009 $'000 |
|---|---|---|---|
| Gain on disposal of property, plant and equipment | | (32) | (55) |
| Fixed assets written off | | 90 | – |
| Gain on disposal of other investment | 7 | (552) | – |
| (Write-back)/allowance for impairment of trade and other receivables | 9 | (914) | 1,017 |
| Bad debts written-off | 9 | 839 | 573 |
| Foreign exchange loss/(gain) | | 434 | (491) |
| Operating lease expenses | | 3,616 | 4,360 |
| Franchising and licensing, accreditation, registration and assessment fees | | 5,117 | 6,122 |
| Training costs and materials | | 1,433 | 1,214 |
| Reversal of accruals for training costs and materials | | – | (4,135) |
| Selling and promotion costs | | 5,330 | 4,490 |

## 17. Interest Income/(expense)

| | Group 2010 $'000 | Group 2009 $'000 |
|---|---|---|
| Interest income | | |
| - cash and deposits | 105 | 386 |
| Interest expense | | |
| - interest on bank overdraft | – | (20) |

## 18. Income tax

The major components of income tax expense for the years ended 31 March 2010 and 2009 are:

| | Note | Group 2010 $'000 | Group 2009 $'000 |
|---|---|---|---|
| Current income tax: | | | |
| - current year | | 103 | 340 |
| - over provision in respect of prior years | | (5) | (164) |
| Deferred tax: | | | |
| - current year | 8 | 14 | 30 |
| Foreign withholding tax (write-back)/expense | | (1,198) | 97 |
| Income tax (write-back)/expense recognised in the income statement | | (1,086) | 303 |

# Notes to the Financial Statements (cont'd)

for the year ended 31 March 2010 (In Singapore dollars)

### 18. Income tax (cont'd)

A reconciliation between tax expense and the product of profit before taxation multiplied by the applicable corporate tax rates for the years ended 31 March 2010 and 2009 are as follows:

| | Group | |
|---|---|---|
| | 2010 | 2009 |
| | $'000 | $'000 |
| Profit before taxation | 2,869 | 4,670 |
| Tax at the applicable tax rate of 17% (2009: 17%) | 488 | 794 |
| Adjustments: | | |
| Different tax rates in other countries | 1,537 | 89 |
| Income not subject to taxation | (682) | (174) |
| Non-deductible expenses | 850 | 432 |
| Deferred tax benefits not recognised | 542 | 800 |
| Over provision in respect of previous years | (5) | (164) |
| Foreign withholding tax (write-back)/expense | (1,198) | 97 |
| Benefits from previously unrecognised capital allowances and tax losses | (2,618) | (1,571) |
| Income tax (write-back)/expense recognised in the income statement | (1,086) | 303 |

### 19. Earnings per share

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to 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 profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the effects of all dilutive potential ordinary shares.

The following tables reflect the income statement and share data used in the computation of basic and diluted earnings per share for the years ended 31 March:

| | Group | |
|---|---|---|
| | 2010 | 2009 |
| | $'000 | $'000 |
| Profit for the year attributable to equity holders of the Company | 3,962 | 4,367 |

| | Number of shares | |
|---|---|---|
| | 2010 | 2009 |
| | '000 | '000 |
| Weighted average number of ordinary share for basic earnings per share computation | 1,255,333 | 1,255,124 |
| Effects of dilution: | | |
| - share options | 5,788 | – |
| Weighted average number of ordinary share for diluted earnings per share computation | 1,261,121 | 1,255,124 |

16,245,174 (2009: 35,478,976) share options accepted by employees under the existing employee share option scheme have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

## 20. Related party disclosures

(a) ***Sale and purchase of goods and services***

In addition to the 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:

| | Group 2010 $'000 | Group 2009 $'000 |
|---|---|---|
| Training and education income from associates | – | 130 |
| Franchise operations and service income from associates | – | 293 |

(b) ***Compensation of key management personnel***

| | 2010 $'000 | 2009 $'000 |
|---|---|---|
| Short-term employee benefits | 2,577 | 2,492 |
| Employee share option expense | 118 | 274 |
| Defined contribution plan contributions | 92 | 100 |
| Other benefits | 35 | 9 |
| Total compensation paid to key management personnel | 2,822 | 2,875 |
| Comprise amounts paid to: | | |
| - Directors of the Company | 1,115 | 1,229 |
| - Other key management personnel | 1,707 | 1,646 |
| | 2,822 | 2,875 |

| | Group and Company 2010 No. of options | Group and Company 2009 No. of options |
|---|---|---|
| Aggregate number of share options granted to/ adjusted for Directors and key management personnel during the year | 11,230,000 | 11,420,000 |
| Outstanding number of share options granted to Directors and key management personnel at year end | 22,952,201 | 25,641,873 |

## 21. Commitments and contingencies

### (a) *Operating lease commitments – as lessee*

The Group and Company have entered into commercial leases for the use of equipment, offices and other facilities. Most leases contain renewable options. Lease terms do not contain restriction on the Group's activities concerning dividends, additional debt or further leasing.

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2010** | **2009** | **2010** | **2009** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Not later than one year | 2,593 | 3,093 | – | – |
| Later than one year but not later than five years | 1,710 | 446 | – | – |
| Later than five years | – | – | – | – |
| | 4,303 | 3,539 | – | – |

### (b) *Contingent liabilities*

*Corporate guarantees*

| | Group 2010 | Group 2009 | Company 2010 | Company 2009 |
|---|---|---|---|---|
| Corporate guarantees issued to financial institutions for credit facilities utilised by subsidiaries | – | – | – | 1,050 |

The Company has undertaken to provide continuing financial support to certain subsidiaries to enable them to operate as going concerns for at least 12 months from the date of their financial statements.

## 22. Segment information

### (a) ***Business segments***

For management purposes, the Group is organised into business units based on their business segments, and has two reportable operating segments: Global Higher Education segment and Corporate Training segment.

The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Global Higher Education segment offers Diploma, Advanced Diploma, Degree, Masters and Doctorate qualifications in a range of business, engineering and technological subjects, to college going students and life long learners, as well as via an online virtual campus.

The Corporate Training segment provides training and skills upgrading and enhancement to the general workforce, in both technical and non-technical areas.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating results.

Management monitors the operating results of its business units separately for the purpose of making decisions about which in certain respects, as explained in the table below, is measured differently from operating income statement in the consolidated financial statements.

Group financing (including finance costs) and income taxes are managed on a Group basis and are not allocated to operating segments.

*Allocation basis*

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax and deferred tax assets and liabilities and interest-bearing loans and related expenses.

*Transfer pricing*

Transfer prices between business segments are set at terms agreed between the parties in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

## 22. Segment information (cont'd)

### (a) *Business segments (cont'd)*

The following table presents information regarding the Group's business segments for the years ended 31 March 2010 and 2009 respectively.

| | Global Higher Education | | Corporate Training | | Note | Total | |
|---|---|---|---|---|---|---|---|
| | **2010** | **2009** | **2010** | **2009** | | **2010** | **2009** |
| | **$'000** | **$'000** | **$'000** | **$'000** | | **$'000** | **$'000** |
| ***Revenue:*** | | | | | | | |
| Sales to external customers | 37,289 | 41,351 | 1,924 | 2,233 | | 39,213 | 43,584 |
| ***Results:*** | | | | | | | |
| Interest income | 105 | 386 | – | – | | 105 | 386 |
| Depreciation and amortization | (890) | (1,260) | (46) | (68) | | (936) | (1,328) |
| Gain on disposal of property, plant and equipment | 32 | 55 | – | – | | 32 | 55 |
| Write-back/(allowance) for doubtful receivables and bad debts written off | 71 | (1,509) | 4 | (81) | | 75 | (1,590) |
| Operating lease expenses | (3,439) | (4,137) | (177) | (223) | | (3,616) | (4,360) |
| Other non-cash (expenses)/income | (555) | 4,057 | (24) | 219 | (i) | (579) | 4,276 |
| **Segment profit/(loss) before tax** | 3,816 | 1,186 | (947) | 3,504 | | 2,869 | 4,690 |
| ***Assets:*** | | | | | | | |
| Additions to non-current assets | 1,355 | 846 | 70 | 41 | (ii) | 1,425 | 887 |
| Segment assets | 32,384 | 31,677 | 1,671 | 1,711 | | 34,055 | 33,388 |
| Adjustments to assets | | | | | (iii) | 36 | 50 |
| **Total assets** | | | | | | 34,091 | 33,438 |
| ***Liabilities:*** | | | | | | | |
| Segment liabilities | 28,554 | 32,049 | 1,473 | 1,730 | | 30,027 | 33,779 |
| Adjustments to liabilities | | | | | (iv) | 200 | 287 |
| **Total liabilities** | | | | | | 30,227 | 34,066 |

## 22. Segment information (cont'd)

(a) ***Business segments (cont'd)***

Notes: Nature of adjustments and eliminations to arrive at amounts in the consolidated financial statements:

(i) Other non-cash (expenses)/income consist of foreign exchange gain/loss, employee share option expense and reversal of accruals for training costs and materials, as presented in the respective notes to the financial statements,

(ii) Additions to non-current assets consist of additions to property, plant and equipment and intangible assets.

(iii) Adjustments to assets relate to deferred tax assets added to segment assets to arrive at total assets reported in the consolidated balance sheet.

(iv) Adjustments to  liabilities relate to income tax payable added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheet.

(b) ***Geographical information***

The Group's geographical information is based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

The following table presents revenue and non-current assets information for the years ended 31 March 2010 and 2009 respectively.

| | Singapore $'000 | Malaysia $'000 | Hong Kong $'000 | United Kingdom $'000 | Others $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **2010** | | | | | | |
| ***Revenue:*** | | | | | | |
| Sales to external customers | 18,979 | 793 | 5,541 | 11,342 | 2,558 | 39,213 |
| Non-current assets | 671 | 395 | 68 | 1,017 | 50 | 2,201 |
| **2009** | | | | | | |
| ***Revenue:*** | | | | | | |
| Sales to external customers | 19,546 | 1,321 | 6,573 | 13,644 | 2,500 | 43,584 |
| Non-current assets | 829 | 676 | 187 | 272 | 23 | 1,987 |

Non-current assets information presented above consist of property, plant and equipment, and intangible assets as presented in the consolidated balance sheet.

(c) ***Information about a major customers***

There are no major customers that contributes more than 10% (2009: Nil) of the Group's revenue as at 31 March 2010.

## 23. Fair value of financial instruments and their classification

***Fair value of financial assets and liabilities***

Management has determined that the carrying amount of cash and bank balances, current trade and other receivables, and current trade and other payables, reasonably approximate their fair values because these are mostly short term in nature.

Unquoted shares in other investments stated at cost have no market prices and the fair value cannot be reliably measured.

There are no financial assets or financial liabilities that are carried at fair value.

***Classification of financial assets and liabilities***

The carrying amounts of financial assets and financial liabilities in each of the following categories as defined under FRS 39 as at 31 March 2010 are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2010** | **2009** | **2010** | **2009** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| ***Loans and receivables*** | | | | |
| Trade and other receivables | 5,105 | 3,844 | 6,728 | 5,765 |
| Cash and bank balances | 25,719 | 26,365 | 2,598 | 17,664 |
| | 30,824 | 30,209 | 9,326 | 23,429 |
| ***Available-for-sale financial asset*** | | | | |
| Other investments | – # | – # | – # | – # |
| ***Financial liabilities at amortised cost*** | | | | |
| Trade and other payables | 15,539 | 14,978 | 11,013 | 10,563 |

# The carrying amount of other investments on the balance sheet is $ nil (2009:$ nil) as other investments have been fully impaired (Note 7).

## 24. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include liquidity risk, foreign currency risk and credit risk. Interest rate risk arising from the fluctuation of interest rates has no significant impact on the Group's profit net of tax. It is, and has been throughout the current and previous financial year the Group's policy that no derivatives transactions shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) ***Liquidity risk***

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's liquidity risk management policy is to monitor and maintain adequate cash and cash equivalents and liquid financial assets to finance the Group's and Company's operations.

The following table details the Group's and the Company's financial assets and liabilities at the balance sheet date, based contractual undiscounted cash flows (including interest payments computed using contractual rates) and earliest date the Group and Company can be required to pay.

| | Group | | Company | |
|---|---|---|---|---|
| | **2010** | **2009** | **2010** | **2009** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| ***Financial assets*** | | | | |
| Trade and other receivables | 5,105 | 3,844 | 6,728 | 5,765 |
| Unrestricted Cash and cash equivalents | 23,953 | 23,490 | 2,598 | 16,614 |
| Total undiscounted financial assets | 29,058 | 27,334 | 9,326 | 22,379 |
| ***Financial liabilities*** | | | | |
| Trade and other payables | 15,539 | 14,978 | 11,013 | 10,563 |
| Total undiscounted financial liabilities | 15,539 | 14,978 | 11,013 | 10,563 |
| **Total net undiscounted assets/ (liabilities)** | 13,519 | 12,356 | (1,687) | 11,816 |

As the Group's and the Company's financial liabilities at the balance sheet date mature in one year or less, the contractual undiscounted cash flows approximates the carrying amounts on the balance sheet.

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

(a) ***Liquidity risk (cont'd)***

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called. There is no contingent liability at Group level.

| | 2010 | | 2009 | |
|---|---|---|---|---|
| | Total contractual cash flow $'000 | 1 year or less $'000 | Total contractual cash flow $'000 | 1 year or less $'000 |
| **Company** | | | | |
| Guarantees for bank facilities utilised by subsidiaries | – | – | – | 1,050 |

(b) ***Foreign currency risk***

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily Singapore Dollars (SGD), Malaysian Ringgit (RM), Great British Pounds (GBP) and Hong Kong Dollars (HKD).

The foreign currencies in which these transactions are denominated are mainly United States Dollars (USD), Great British Pounds (GBP) and Australian Dollars (AUD). Approximately 2% (2009: 6%) of the Group's sales are denominated in foreign currencies whilst almost 63% (2009: 47%) of costs are denominated in the respective functional currencies of the Group's entities. The Group's trade and other receivable and trade and other payable balances at the balance sheet date have similar exposures as set out in Note 9 and Note 11 respectively.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. The currency mix of the cash and cash equivalent of the Group and Company as at the balance sheet date are set out in Note 10.

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 derivatives contracts.

In addition to transactional exposure, the Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia, Hong Kong and United Kingdom. The Group's net investments are not hedged as currency positions are considered to be long-term in nature.

*Sensitivity analysis for foreign currency risk*

The following table demonstrates the sensitivity to a reasonably possible change in the USD, GBP and AUD exchange exchange rates (against SGD), with all other variables held constant, of the Group's profit net of tax.

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

(b) ***Foreign currency risk (cont'd)***

| | | Group | |
|---|---|---|---|
| | | 2010 | 2009 |
| | | $'000 | $'000 |
| USD | - strengthened 5% (2009: 5%) | 30 | (21) |
| | - weakened 5% (2009: 5%) | (30) | 21 |
| GBP | - strengthened 5% (2009: 5%) | (262) | (62) |
| | - weakened 5% (2009: 5%) | 262 | 62 |
| AUD | - strengthened 5% (2009: 5%) | (63) | (86) |
| | - weakened 5% (2009: 5%) | 63 | 86 |

(c) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a party default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

*Exposure to credit risk*

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of trade receivables, other receivables and cash and cash equivalents; and
- $ nil (2009: $1,050,000) relating to a corporate guarantee provided by the Company to financial institutions for credit facilities granted to subsidiaries.

*Credit risk concentration profile*

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade and other receivables on an on-going basis. The credit risk concentration profile of the Group's trade and other receivables at the balance sheet date is as follows:

| | Group | | | |
|---|---|---|---|---|
| | 2010 | | 2009 | |
| | $'000 | % of total | $'000 | % of total |
| **By region:** | | | | |
| Asia- pacific | 2,678 | 69 | 2,482 | 81 |
| Europe | 1,210 | 31 | 568 | 19 |
| Others | 2 | – | 16 | – |
| | 3,890 | 100 | 3,066 | 100 |
| **By industry sectors:** | | | | |
| Global Higher Education | 3,869 | 99 | 3,048 | 99 |
| Corporate Training | 21 | 1 | 18 | 1 |
| | 3,890 | 100 | 3,066 | 100 |

At the balance sheet date, approximately 79% (2009: 72%) of the Company's receivables were due from subsidiaries.

## 25. Capital management

The Group's objectives when managing capital are to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group monitors capital using a gearing ratio, which is net debt divided by total share capital plus net debt. Net debt is calculated as fees received in advance, deferred income and fees, trade and other payables and accruals for withholding tax less cash and cash equivalents (which exclude escrow and funds restricted in use). The Group's policy is to keep the gearing ratio below 50%. No changes were made in the objectives, policies or processes during the years ended 31 March 2010 and 31 March 2009. There is no external capital requirements imposed on the Group.

| | | Group | |
|---|---|---|---|
| | Note | 2010 | 2009 |
| | | $'000 | $'000 |
| Fees received in advance | | 13,876 | 16,903 |
| Trade and other payables | | 15,539 | 14,978 |
| Deferred income and fees | | 482 | 553 |
| Accruals for withholding tax | | 130 | 1,345 |
| | | 30,027 | 33,779 |
| Cash and cash equivalent | 10 | (23,953) | (23,490) |
| Net debt | | 6,074 | 10,289 |
| Share capital | | 19,904 | 19,870 |
| Capital and net debt | | 25,978 | 30,159 |
| Gearing ratio | | 23% | 34% |

## 26. Subsequent events

*Establishment of Silicon Valley International University*

In April 2010, the Company incorporated a wholly-owned subsidiary, Silicon Valley International University, Inc in the United States of America ("USA") with a initial paid up capital of US$100,000. The new subsidiary will operate as a higher education service provider offering USA's curriculums.

*Cessation of Malaysia Operations*

The Group has ceased its operations in Malaysia in April 2010. This will not have material impact to the Group's future performance.

## 27. Authorisation of financial statements for issue

The financial statements for the year ended 31 March 2010 were authorised for issue in accordance with a resolution of the directors on 28 June 2010.

# Additional Information

## 1) Portfolio of Properties

| Address | Area | Purpose | Lease / Freehold |
|---|---|---|---|
| **Informatics Computer Education Sdn Bhd** | | | |
| 491 Plaza Melaka<br>Jalan Hang Tuah<br>75300 Melaka, Malaysia | 653 sq m | 4 1/2 storey shop lot for rental and for computer training centre | Freehold |
| **Informatics Education Malaysia Sdn Bhd** | | | |
| 443 & 444 Jalan Tun Dr Ismail<br>70200 Seremban, Negeri Sembilan,<br>Malaysia | 923 sq m | 2 units of 3-storey shophouses for office-cum-operator training school | Lease 19/4/1989 to 18/4/2088 |

## 2) Status on the Use of Rights Issue Proceeds

In May 2007, the Company completed a rights issue which raised a total gross proceeds of approximately $16.7 million for working capital and other purposes.

| | |
|---|---|
| Unutilised rights issue proceeds as at 31 March 2009 | $ 10.0 million |
| Injection of fresh capital to one of the Singapore subsidiaries during the year | ($ 10.0 million) |
| Unutilised rights issue proceeds as at 31 March 2010 | NIL |

# Analysis of Shareholdings

**Statistics Of Shareholdings As At 16 June 2010**

| | | |
|---|---|---|
| Number of Shares | : | 1,256,140,046 |
| Issued and fully Paid - Up Capital | : | $ 20,411,245.33** |
| Class of shares | : | Ordinary Shares |
| Voting Rights | : | One Vote per Share |
| Treasury Shares | : | Nil |

** This is based on records kept with the Accounting & Corporate Regulatory Authority ("ACRA") and differs from the accounting records of the Company which is $ 19,903,549 due to certain share issue expenses.

**Analysis Of Shareholdings As At 16 June 2010**

| Range Of Shareholdings | No. Of Shareholders | % | No. Of Shares | % |
|---|---|---|---|---|
| 1 - 999 | 35 | 0.65 | 14,364 | 0.00 |
| 1.000 - 10,000 | 1,678 | 31.19 | 8,974,725 | 0.72 |
| 10,001 - 1,000,000 | 3,578 | 66.52 | 373,578,600 | 29.74 |
| 1,000,001 and above | 88 | 1.64 | 873,572,357 | 69.54 |
| | 5,379 | 100.00 | 1,256,140,046 | 100.00 |

**Major Shareholders List - Top 20 As At 16 June 2010**

| No. | Name | No. Of Shares Held | % |
|---|---|---|---|
| 1 | CIMB SECURITIES (SINGAPORE) PTE LTD | 426,198,062 | 33.93 |
| 2 | UOB KAY HIAN PTE LTD | 51,974,750 | 4.14 |
| 3 | WONG TAI | 32,265,304 | 2.57 |
| 4 | UNITED OVERSEAS BANK NOMINEES PTE LTD | 25,918,565 | 2.06 |
| 5 | DBS NOMINEES PTE LTD | 23,356,688 | 1.86 |
| 6 | CHEAH HON KUEN | 19,825,616 | 1.58 |
| 7 | PHILLIP SECURITIES PTE LTD | 17,655,622 | 1.40 |
| 8 | CHEONG SENG PEOW PETER | 15,108,000 | 1.20 |
| 9 | HSBC (SINGAPORE) NOMINEES PTE LTD | 14,297,500 | 1.14 |
| 10 | OCBC SECURITIES PRIVATE LTD | 13,816,250 | 1.10 |
| 11 | CHENG YIN MUI OR HO SING MING | 13,387,500 | 1.06 |
| 12 | OCBC NOMINEES SINGAPORE PRIVATE LIMITED | 12,959,250 | 1.03 |
| 13 | RAFFLES NOMINEES (PTE) LTD | 12,502,000 | 0.99 |
| 14 | SEOW HOCK HIN (XIAO FUXING) | 11,546,000 | 0.92 |
| 15 | NOMURA SINGAPORE LIMITED | 10,040,000 | 0.80 |
| 16 | HT MAGWAY PTE LTD | 8,119,000 | 0.65 |
| 17 | DBS VICKERS SECURITIES (SINGAPORE) PTE LTD | 6,873,000 | 0.55 |
| 18 | MANNA INVESTMENTS PTE LTD | 5,375,000 | 0.43 |
| 19 | ONG BOON KHENG | 5,153,500 | 0.41 |
| 20 | YAP SWEE LUM @ SEW BEE LAM | 5,000,000 | 0.40 |
| | | 731,371,607 | 58.22 |

# Analysis of Warrantholdings

### Analysis Of Warrantholdings As At 16 June 2010

| Range Of Warrantholdings | No. Of Warrants Holders | % | No. Of Warrants | % |
|---|---|---|---|---|
| 1 - 999 | 198 | 16.84 | 80,486 | 0.05 |
| 1.000 - 10,000 | 368 | 31.29 | 1,780,155 | 1.08 |
| 10,001 - 1,000,000 | 581 | 49.40 | 55,285,077 | 33.52 |
| 1,000,001 and above | 29 | 2.47 | 107,762,007 | 65.35 |
| | 1,176 | 100.00 | 164,907,725 | 100.00 |

### Major Warrantholders List - Top 20 As At 16 June 2010

| No. | Name | No. Of Warrants Held | % |
|---|---|---|---|
| 1 | PHILLIP SECURITIES PTE LTD | 19,026,456 | 11.54 |
| 2 | OCBC SECURITIES PRIVATE LTD | 16,526,225 | 10.02 |
| 3 | HSBC (SINGAPORE) NOMINEES PTE LTD | 11,570,588 | 7.02 |
| 4 | CIMB SECURITIES (SINGAPORE) PTE LTD | 8,614,598 | 5.22 |
| 5 | DBS VICKERS SECURITIES (SINGAPORE) PTE LTD | 5,433,667 | 3.29 |
| 6 | LIM SAY PEAN | 5,169,352 | 3.13 |
| 7 | GAN EE BOON | 4,157,352 | 2.52 |
| 8 | ANG LAY TEE | 3,413,294 | 2.07 |
| 9 | ONG BOON KHENG | 3,246,777 | 1.97 |
| 10 | LIM KOK YONG | 2,617,147 | 1.59 |
| 11 | KOH CHEOH LIANG VINCENT | 2,452,647 | 1.49 |
| 12 | BNP PARIBAS NOMINEES SINGAPORE PTE LTD | 2,441,176 | 1.48 |
| 13 | NG SWEE OON | 2,436,000 | 1.48 |
| 14 | MANNA INVESTMENTS PTE LTD | 1,692,485 | 1.03 |
| 15 | WONG TECK SENG MAURICE | 1,642,117 | 1.00 |
| 16 | UOB KAY HIAN PTE LTD | 1,511,469 | 0.92 |
| 17 | CHAN WAH CHEONG RICHARD | 1,500,000 | 0.91 |
| 18 | WONG CHENG KIONG | 1,488,235 | 0.90 |
| 19 | TAN JUI YAK | 1,488,000 | 0.90 |
| 20 | CHUA KIANG HIANG | 1,310,294 | 0.79 |
| | | 97,737,879 | 59.27 |

# Substantial Shareholders as at 16 June 2010
as shown in the Company's Register of Substantial Shareholders

| Substantial Shareholders | Direct / Beneficial interest | | Deemed interest | |
|---|---|---|---|---|
| | No of Shares | % | No of Shares | % |
| Berjaya Leisure Capital (Cayman) Limited | 391,270,312 | 31.1486 | - | - |
| Tan Sri Dato' Seri Vincent Tan Chee Yioun | - | - | 429,074,062** | 34.1581 |
| Berjaya Corporation Berhad | - | - | 429,074,062** | 34.1581 |
| Berjaya Group Berhad | - | - | 429,074,062** | 34.1581 |
| Hotel Resort Enterprise Sdn Bhd | - | - | 429,074,062** | 34.1581 |
| Berjaya Land Berhad | - | - | 391,270,312* | 31.1486 |
| Teras Mewah Sdn Bhd | - | - | 391,270,312* | 31.1486 |
| Total | 391,270,312 | 31.1486 | 429,074,062** | 34.1581 |

Notes:

* Deemed to be interested in the shares held by Berjaya Leisure Capital (Cayman) Limited, Berjaya Sompo Insurance Berhad and Rantau Embun Sdn Bhd by virtue of the provisions under 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 the provisions under Section 7 of the Companies Act, Cap 50.

## SHAREHOLDINGS IN THE HANDS OF PUBLIC AS AT 16 JUNE 2010

Based on the information provided, to the best knowledge of the Directors and the substantial shareholders of the Company, approximately 65.58% of the issued ordinary shares are held in the hands of the public as at 16 June 2010. Accordingly, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Seventh Annual General Meeting of Informatics Education Ltd. (the "Company") will be held at Mandarin Ballroom III, 6th floor, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867 on 28 July 2010 at 2.00 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 2010 together with the Reports of the Directors and Auditors. **(Resolution 1)**

2. To approve the payment of Directors' Fees of S$220,000 for the year ended 31 March 2010 (2009: S$220,000). **(Resolution 2)**

3. To re-elect the following Directors who will retire pursuant to Article 71 of the Company's Articles of Association:

   Tan Sri Professor Emeritus Dr Abu Hassan Bin Othman **(Resolution 3)**

   Mr. Freddie Pang Hock Cheng – Note (a) **(Resolution 4)**

4. To pass the following resolution:-
   "that pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr. Ung Gim Sei be re-appointed as a Director of the Company to hold office until the next Annual General Meeting." – Note (b) **(Resolution 5)**

5. To re-appoint Ernst & Young LLP as Auditors of the Company for the year ending 31 March 2011 and to authorise the Directors to fix their remuneration. **(Resolution 6)**

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**

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

7. **General Mandate to Directors to issue Shares**

   That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX"), authority be and is hereby given to the Directors of the Company to:

   (a) (i) issue shares in the capital of the Company ("Shares") whether by way of rights, bonus or others; and / or
   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:

A (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) (the "Share Issues") shall not, save and except as set out in sub-paragraph A(2) below, exceed 50% of the total number of the issued share capital of the Company ("Issued Share Capital") (excluding treasury shares) (as calculated in accordance with sub-paragraph (B) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 20% of the total number of Issued Share Capital (excluding treasury shares) (as calculated in accordance with paragraph (B) below);

(2) (until 31 December 2010 or such later date as may be determined by the SGX, but in any event subject to sub-paragraph (D) below) the aggregate number of Shares to be issued pursuant to this Resolution by way of renounceable rights issues on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution (the "Renounceable Rights Issues") shall not exceed 100% of the total number of the Issued Share Capital (excluding treasury shares) (as calculated in accordance with sub-paragraph (B) below); and

(3) the number of Shares to be issued pursuant to the Share Issues and the Renounceable Rights Issues shall not, in aggregate, exceed 100% of the total number of the Issued Share Capital (excluding treasury shares) (as calculated in accordance with sub-paragraph (B) below);

B (subject to such manner of calculation as may be prescribed by the SGX) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (A) above, the percentage of issued Shares shall be based on the total number of Issued Share Capital of the Company (excluding treasury shares) at the time this Resolution is passed, after adjusting for:-

(i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue or consolidation or subdivision of shares;

C in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX for the time being in force (unless such compliance has been waived by the SGX), all applicable legal requirements under the Companies Act and otherwise, and the Articles of Association for the time being of the Company; and

D (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue 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.

**(Resolution 7)**

8. **Authority to allot and issue Shares other than on a pro-rata basis with a maximum discount of 20%**

That the Directors of the Company be hereby authorised and empowered to issue Shares other than on a pro-rata basis pursuant to the aforesaid general mandate at a discount not exceeding twenty per centum (20%) to the weighted average price for trades done on the SGX for the full market day on which the placement or subscription agreement in relation to such Shares is executed (or if not available for a full market day, the weighted average price must be based on the trades done on the preceding market day up to the time the placement or subscription agreement is executed), provided that:-

(a) in exercising the authority conferred by this Resolution, the Company complies with the provisions of the Listing Manual of the SGX for the time being in force (unless such compliance has been waived by the SGX), all applicable legal requirements under the Companies Act and otherwise, and the Articles of Association for the time being of the Company; and

(b) (unless revoked or varied by the Company in general meeting), the authority conferred by this Resolution shall continue in force until 31 December 2010 or such later date as may be determined by the SGX, but in any event not later than 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.

**(Resolution 8)**

9. **Authority to allot and issue Shares pursuant to The Informatics Group Share Option Scheme**

That the Directors of the Company be and are hereby authorised to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of the options granted under The Informatics Group Share Option Scheme ("the Scheme"), provided always that the total number of Shares to be issued pursuant to the Scheme ("the Scheme Shares") shall not exceed 15% of the Issued Share Capital (excluding treasury shares); 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 .

**(Resolution 9)**

BY ORDER OF THE BOARD

Tan Lay Lee
Lo Swee Oi
Company Secretaries

Singapore
8 July 2010

# Notice of Annual General Meeting (cont'd)

**Explanatory Notes:**

(a) Mr. Freddie Pang Hock Cheng will, upon re-election as a Director of the Company, remain as member of the Audit and Risk Management Committee, Nominating Committee and Remuneration & Strategic Human Resource Committee. He is considered a non-independent director pursuant to Rule 704(8) of the Listing Manual of the SGX.

(b) Mr. Ung Gim Sei will, upon his re-appointment as a Director of the Company, remain the Chairman of the Audit & Risk Management Committee and Nominating Committee and a member of the Remuneration & Strategic Human Resource Committee. He is considered an Independent Director pursuant to Rule 704(8) of the Listing Manual of the SGX.

(c) Resolution 7, if passed, will empower the Directors to issue Shares and/or to make or grant Instruments (such as offers, agreements, options, warrants, debentures) convertible into share and to issue shares in pursuance of any Instruments made or granted by the Directors pursuant to this Resolution, up to a number not exceeding the Issued Share Capital by (i) 100% for Renounceable Rights Issues and (ii) 50% for other share issues, of which up to 20% may be issued other than on a pro rata basis to shareholders, provided that the total number of shares which may be issued pursuant to (a)(i) and (a)(ii) of Resolution 7 shall not exceed 100% of the issued share capital of the Company (excluding treasury shares). The aggregate number of shares which may be issued shall be based on the total number of issued shares in the capital of the Company (excluding treasury shares) at the time that Resolution 7 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or the vesting of share awards which are outstanding or subsisting at the time that Resolution 7 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

On 19 February 2009, the SGX released a press release on new measures effective on 20 February 2009 (the "SGX Release"). The new measures include allowing issuers to issue up to 100% of its issued share capital via a pro rata renounceable rights issue, subject to the conditions that the issuer makes periodic announcements on the use of the proceeds as and when the funds are materiality disbursed and provides a status report on the use of the proceeds in its annual report. The SGX Release states that this new measure will be in effect until 31 December 2010 and the effectiveness of the new measure will be reviewed at the end of the period.

(d) Resolution 8 is proposed pursuant to measures implemented by the SGX as stated in the SGX Release. Issuers will be allowed to undertake non pro-rata placements of new shares priced at discounts of up to 20% to the weighted average price for trades done on the SGX for a full market day on which the placement or subscription agreement in relation to such shares is executed, subject to the conditions that (a) shareholders' approval be obtained in a separate resolution (the "Resolution") at a General Meeting to issue new shares on a non pro-rata basis at discount exceeding 10% but not more than 20%; and (b) that the resolution seeking a general mandate from shareholders for issuance of new shares on a non pro-rata basis is not conditional upon this Resolution. The SGX Release states that this new measure will be in effect until 31 December 2010 and the effectiveness of the new measure will be reviewed at the end of the period.

It should be noted that under the Listing Manual of the SGX, shareholders' approval is not required for the placements of new shares, on a non pro-rata basis pursuant to a general mandate, at a discount of up to 10% to the weighted average price for trades done on the SGX for a full market day on which the placement or subscription agreement in relation to such shares is executed.

(e) Resolution 9, if passed, will empower the Directors to allot and 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 maximum number of Shares which the Directors may issue under this resolution shall not exceed the quantum set out in the resolution.

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 authorised officer or attorney.
3. An instrument of proxy must be deposited at the registered office of the Company at 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 EDUCATION LTD.

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

**IMPORTANT**:
1. For investors who have used their CPF monies to buy Informatics Education Ltd.'s shares ("CPF Investors"), this Annual Report is forwarded to them at the request of the 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 attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions through their CPF Approved Nominees within the time frame specified to enable them to vote on behalf of their CPF Approved Nominees.

## Proxy Form

I/We, ______________________________________________

of ______________________________________________

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

| Name | NRIC/Passport No. | Proportion of Shareholdings | |
|---|---|---|---|
| | | No. of Shares | % |
| | | | |
| Address | | | |

and/or (delete as appropriate):

| Name | NRIC/Passport No. | Proportion of Shareholdings | |
|---|---|---|---|
| | | No. of Shares | % |
| | | | |
| Address | | | |

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf, and if necessary to demand a poll, at the Twenty-Seventh Annual General Meeting of the Company to be held at Mandarin Ballroom III, 6th floor, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867 on 28 July 2010 at 2.00 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 year ended 31 March 2010 together with the Reports of the Directors and Auditors | | |
| 2 | Approve Directors' Fees for the year ended 31 March 2010 | | |
| 3 | Re-election of Tan Sri Professor Emeritus Dr Abu Hassan Bin Othman as Director pursuant to Art. 71 of the Company's Article of Association | | |
| 4 | Re-election of Mr. Freddie Pang Hock Cheng as Director pursuant to Art. 71 of the Company's Article of Association | | |
| 5 | Re-appointment of Mr. Ung Gim Sei pursuant to Section 153(6) of the Companies Act, Cap. 50 | | |
| 6 | Re-appointment of Ernst & Young LLP as Auditors of the Company and authorise the Directors to fix their remuneration | | |
| 7 | General Mandate to Directors to issue Shares | | |
| 8 | Authority to allot and issue shares other than on a pro-rata basis with maximum discount of 20% | | |
| 9 | Authority to Directors to allot and issue Scheme Shares | | |

Dated this ______ day of __________________ 2010

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

______________________________

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

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 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 an 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 Professor Emeritus Dr. Abu Hassan Othman
*(Non-Executive Chairman)*
Mr Patrick Ho Kwok Sum
*(Chief Executive Officer)*
Mr Wong Wee Woon
*(Executive Director)*
Mr Freddie Pang Hock Cheng
*(Non-Executive Director)*
Prof. Chew Soon Beng @ Teo Soon Beng
*(Independent Director)*
Mr Ung Gim Sei
*(Independent Director)*

**Audit And Risk Management Committee**
Mr Ung Gim Sei *(Chairman)*
Mr Freddie Pang Hock Cheng
Prof. Chew Soon Beng @ Teo Soon Beng

**Remuneration And Strategic Human Resource Committee**
Prof. Chew Soon Beng @ Teo Soon Beng *(Chairman)*
Mr Freddie Pang Hock Cheng
Mr Ung Gim Sei

**Nominating Committee**
Mr Ung Gim Sei *(Chairman)*
Mr Freddie Pang Hock Cheng
Prof. Chew Soon Beng @ Teo Soon Beng

**Banking Committee**
Prof. Chew Soon Beng @ Teo Soon Beng *(Chairman)*
Mr Patrick Ho Kwok Sum
Mr Wong Wee Woon

**Key Management**
Mr Patrick Ho Kwok Sum
Ms Tong Chiu Fai
Mr Wong Wee Woon
Mr Valentine Philip Ortega
Mr Felix Raoul Stravens
Mr Roland Ng Eng Seng
Mr Phua Poh Kuay
Mr Chan Chi Wai

**Registered Office**
Informatics Campus
12 Science Centre Road
Singapore 609080
Tel : (65) 65625625
Fax : (65) 65651371
www.informaticseducation.com

**Share Registrar and Share Transfer Office**
M & C Services Private Limited
138 Robinson Road #17-00
The Corporate Office
Singapore 068906
Tel : (65) 62251452
Fax : (65) 62276660

**Warrant Agent**
M & C Services Private Limited
138 Robinson Road #17-00
The Corporate Office
Singapore 068906
Tel : (65) 62251452
Fax : (65) 62276660

**Auditors**
Ernst & Young LLP
Certified Public Accountant

Partner in charge:
Gajendran Vyapuri
*(from financial year 2009)*
1 Raffles Quay #18-01
North Tower Level 18
Singapore 048583

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

**Company Secretaries**
Ms Tan Lay Lee
Ms Lo Swee Oi

informatics

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