

QUARTERLY FINANCIAL RESULTS AND DIVIDEND ANNOUNCEMENT

INFORMATICS EDUCATION LTD

(Company Registration number: 198303419G)

The Board of Directors of Informatics Education Ltd is pleased to announce the unaudited consolidated results for the financial period ended 31 December 2017 :-

- 1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group S\$'000			%	Group S\$'000			%
	Q3 FY2018	Q3 FY2017	Change		9M FY2018	9M FY2017	Change	
Revenue	2,274	2,186	4%	6,322	7,020	-10%		
Other operating income	36	90	-60%	52	170	-69%		
Employee benefits expense	(1,631)	(1,923)	-15%	(5,490)	(6,137)	-11%		
Depreciation of property, plant and equipment	(53)	(22)	N/M	(166)	(132)	26%		
Other operating expenses	(1,469)	(1,434)	2%	(5,291)	(5,745)	-8%		
Interest income	1	20	-95%	6	98	-94%		
Loss before taxation	(842)	(1,083)	-22%	(4,567)	(4,726)	-3%		
Taxation	-	(23)	-100%	(3)	(27)	-89%		
Loss for the financial period	<u>(842)</u>	<u>(1,106)</u>	-24%	<u>(4,570)</u>	<u>(4,753)</u>	-4%		
Loss attributable to :								
Equity holders of the Company	(842)	(1,106)	-24%	(4,570)	(4,753)	-4%		
	<u>(842)</u>	<u>(1,106)</u>	-24%	<u>(4,570)</u>	<u>(4,753)</u>	-4%		

Consolidated Statement of Comprehensive Income

	Group S\$'000			%	Group S\$'000			%
	Q3 FY2018	Q3 FY2017	Change		9M FY2018	9M FY2017	Change	
Loss for the financial period	(842)	(1,106)	-24%	(4,570)	(4,753)	-4%		
Other comprehensive income :								
Items that may be reclassified subsequently to profit or loss								
Foreign currency translation	112	(329)	N/M	213	(277)	N/M		
Other comprehensive income for the financial period	112	(329)	N/M	213	(277)	N/M		
Total comprehensive income for the financial period	<u>(730)</u>	<u>(1,435)</u>	-49%	<u>(4,357)</u>	<u>(5,030)</u>	-13%		
Total comprehensive income attributable to :								
Equity holders of the Company	(730)	(1,435)	-49%	(4,357)	(5,030)	-13%		
	<u>(730)</u>	<u>(1,435)</u>	-49%	<u>(4,357)</u>	<u>(5,030)</u>	-13%		

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

Loss is stated after charging / (crediting) :

	Group			Group		
	Q3 FY2018	Q3 FY2017	% Change	9M FY2018	9M FY2017	% Change
Allowance for / (write-back) of doubtful receivables	120	(107)	N/M	241	(122)	N/M
Bad debts (recovered) / written-off	-	-	N/M	(19)	11	N/M
Net loss / (gain) on disposal of property, plant and equipment	1	-	N/M	1	(2)	N/M
Property, plant and equipment written-off	-	-	N/M	1	-	N/M
Foreign exchange loss / (gain), net	113	(243)	N/M	251	(274)	N/M
Operating lease expenses	432	536	-19%	1,370	1,652	-17%

- (a)(ii) Other operating income decreased by \$54,000 or 60% to \$36,000, mainly due to a decrease of Productivity and Innovation Credits (PIC) and other government grants received by the Singapore subsidiaries in the current period.
- (a)(iii) Employee benefits expense decreased by \$0.3 million or 15% to \$1.6 million, mainly due to headcount reduction for Singapore and United Kingdom operations, as compared to prior period.
- (a)(iv) Depreciation of property, plant and equipment increased by \$31,000 to \$53,000, mainly due to premise improvement to consolidate corporate office in Singapore in the first quarter of the current financial year.
- (a)(v) Other operating expenses increased by \$35,000 or 2% to \$1.4 million as compared with prior period. The increase was mainly due to foreign exchange loss and higher allowance for doubtful receivables, partially offset by lower assessment cost, university fees and operating lease expenses.
- (a)(vi) Interest income decreased by \$19,000 or 95% to \$1,000, due to a lower cash and fixed deposit balances, as compared to prior period.
- (a)(vii) Allowance for doubtful receivables increased by \$0.2 million as compared to prior period. The increase was mainly due to higher aged receivables for the United Kingdom operations.
- (a)(viii) Operating lease expenses decreased by \$104,000 or 19% to \$0.4 million as compared to prior period. This was mainly due to the consolidation of the corporate office in Singapore.

(b)(i) **A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Group	Group	Change	Company	Company	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
	31.12.17	31.03.17		31.12.17	31.03.17	
NON-CURRENT ASSETS						
Property, plant and equipment	347	364	-5%	142	135	5%
Intangible assets	129	181	-29%	-	-	-
Investment in subsidiaries	-	-	-	3,900	4,820	-19%
	476	545	-13%	4,042	4,955	-18%
CURRENT ASSETS						
Prepayments	482	585	-18%	104	137	-24%
Trade and other receivables	1,153	2,358	-51%	300	2,371	-87%
Restricted cash at bank	138	138	-	-	-	-
Fixed deposits	-	-	-	-	-	-
Cash and cash equivalents	3,900	8,403	-54%	142	258	-45%
	5,673	11,484	-51%	546	2,766	-80%
CURRENT LIABILITIES						
Deferred income and fees	514	565	-9%	14	42	-67%
Trade and other payables	2,205	3,618	-39%	5,653	6,664	-15%
Provision for reinstatement cost	171	230	-26%	89	148	-40%
Income tax payable	1	1	-	-	-	-
	2,891	4,414	-35%	5,756	6,854	-16%
NET CURRENT ASSETS / (LIABILITIES)	2,782	7,070	-61%	(5,210)	(4,088)	27%
TOTAL NET ASSETS / (LIABILITIES)	<u>3,258</u>	<u>7,615</u>	-57%	<u>(1,168)</u>	<u>867</u>	N/M
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY						
Share capital	29,908	29,908	-	29,908	29,908	-
Reserves	(26,650)	(22,293)	20%	(31,076)	(29,041)	7%
TOTAL EQUITY	<u>3,258</u>	<u>7,615</u>	-57%	<u>(1,168)</u>	<u>867</u>	N/M

(b)(ii) **In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.**

NIL

1 (c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group		Group	
	S\$'000	S\$'000	S\$'000	S\$'000
	Q3 FY2018	Q3 FY2017	9M FY2018	9M FY2017
Cash flow from operating activities				
Loss before taxation	(842)	(1,083)	(4,567)	(4,726)
Adjustments for :				
Depreciation of property, plant and equipment	53	22	166	132
Amortisation of intangible assets	16	6	54	13
Net loss / (gain) on disposal of property, plant and equipment	1	-	1	(2)
Property, plant and equipment written-off	-	-	1	-
Allowance for / (write-back) of doubtful receivables	120	(107)	241	(122)
Bad debts (recovered) / written-off	-	-	(19)	11
Interest income	(1)	(20)	(6)	(98)
Unrealised exchange loss / (gain)	138	(356)	182	(236)
Operating loss before working capital changes	(515)	(1,538)	(3,947)	(5,028)
Decrease / (increase) in prepayments, trade and other receivables	184	153	1,067	(370)
Decrease in deferred income and fees	(318)	(465)	(51)	(305)
(Decrease) / increase in trade and other payables and provision for reinstatement	(381)	496	(1,472)	195
Cash used in operations	(1,030)	(1,354)	(4,403)	(5,508)
Interest received	1	13	26	213
Tax paid	-	(23)	(4)	(28)
Net cash used in operating activities	(1,029)	(1,364)	(4,381)	(5,323)
Cash flow from investing activities				
Purchase of property, plant and equipment	(60)	(46)	(152)	(216)
Expenditure on intangible assets	-	(20)	-	(45)
Proceeds from disposal of property, plant and equipment	-	1	-	7
Withdrawal of fixed deposits	-	2,000	-	8,000
Net cash (used in) / generated from investing activities	(60)	1,935	(152)	7,746
Net (decrease) / increase in cash and cash equivalents	(1,089)	571	(4,533)	2,423
Cash and cash equivalents at the beginning of the financial period	4,999	7,081	8,403	5,286
Effects of exchange rate changes on opening cash and cash equivalents	(10)	19	30	(38)
Cash and cash equivalents at the end of the financial period	3,900	7,671	3,900	7,671

- 1 (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity

	<u>Attributable to equity holders of the Company</u>				
	Share Capital	Translation Reserve	Accumulated Losses	Total Reserves	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group					
Balance at 01.04.17	29,908	(1,420)	(20,873)	(22,293)	7,615
Loss for the financial period	-	-	(3,728)	(3,728)	(3,728)
Other comprehensive income for the financial period	-	101	-	101	101
Total comprehensive income for the financial period	-	101	(3,728)	(3,627)	(3,627)
Balance at 30.09.17	29,908	(1,319)	(24,601)	(25,920)	3,988
Loss for the financial period	-	-	(842)	(842)	(842)
Other comprehensive income for the financial period	-	112	-	112	112
Total comprehensive income for the financial period	-	112	(842)	(730)	(730)
Balance at 31.12.17	29,908	(1,207)	(25,443)	(26,650)	3,258
Balance at 01.04.16	29,908	(1,476)	(15,367)	(16,843)	13,065
Loss for the financial period	-	-	(3,647)	(3,647)	(3,647)
Other comprehensive income for the financial period	-	52	-	52	52
Total comprehensive income for the financial period	-	52	(3,647)	(3,595)	(3,595)
Balance at 30.09.16	29,908	(1,424)	(19,014)	(20,438)	9,470
Loss for the financial period	-	-	(1,106)	(1,106)	(1,106)
Other comprehensive income for the financial period	-	(329)	-	(329)	(329)
Total comprehensive income for the financial period	-	(329)	(1,106)	(1,435)	(1,435)
Balance at 31.12.16	29,908	(1,753)	(20,120)	(21,873)	8,035

- 1 (d)(i)

	Share Capital	Accumulated Losses	Total Reserves	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000
	Company			
Balance at 01.04.17	29,908	(29,041)	(29,041)	867
Loss for the financial period, representing total comprehensive income for the financial period	-	(1,982)	(1,982)	(1,982)
Balance at 30.09.17	29,908	(31,023)	(31,023)	(1,115)
Loss for the financial period, representing total comprehensive income for the financial period	-	(53)	(53)	(53)
Balance at 31.12.17	29,908	(31,076)	(31,076)	(1,168)
Balance at 01.04.16	29,908	(16,150)	(16,150)	13,758
Loss for the financial period, representing total comprehensive income for the financial period	-	(3,592)	(3,592)	(3,592)
Balance at 30.09.16	29,908	(19,742)	(19,742)	10,166
Loss for the financial period, representing total comprehensive income for the financial period	-	(1,091)	(1,091)	(1,091)
Balance at 31.12.16	29,908	(20,833)	(20,833)	9,075

- 1 (d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There was no change to the number of ordinary shares since the preceding financial year ended 31 March 2017.

The Company did not have any subsidiary holdings or outstanding share options as at the end of the current financial period and as at the end of the immediate preceding year.

- (d)(iii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at end of current financial period ended 31 December 2017	As at end of financial year ended 31 March 2017
Total number of ordinary shares issued	72,215,467	72,215,467

Note : The Company did not have any treasury shares as at the end of the current financial period and as at the end of the immediate preceding year.

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

Not Applicable

- (d)(v) **A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not Applicable

- 2 **Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

- 3 **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not Applicable

- 4 **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared with the audited financial statements as at 31 March 2017, except for the adoption of the new and revised FRS which are effective for the financial period beginning 1 April 2017.

- 5 **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted the new and revised FRS, which are effective for its financial year beginning 1 April 2017. The adoption of the new and revised FRS did not result in any material impact on the Group's financial statements.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends :-

	Group Q3 FY2018	Group Q3 FY2017	Change %	Group 9M FY2018	Group 9M FY2017	Change %
Earnings per ordinary share						
(a) Based on weighted average number of ordinary shares on issue (cents)	(1.17)	(1.53)	-24%	(6.33)	(6.58)	-4%
(b) On a fully diluted basis (cents)	(1.17)	(1.53)	-24%	(6.33)	(6.58)	-4%

Earnings per share for the financial period ended 31 December 2017 was calculated based on weighted average number of 72,215,467 (31 December 2016: 72,215,467) ordinary shares.

Earnings per share for the financial period ended 31 December 2017 computed on a fully dilutive basis is calculated based on the weighted average number of 72,215,467 (31 December 2016: 72,215,467) ordinary shares adjusted for the dilutive effect of share options.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the :-

(a) current period reported on and (b) immediately preceding financial year

	Group 31.12.17	Group 31.03.17	Change %	Company 31.12.17	Company 31.03.17	Change %
Net asset / (liability) value per ordinary share (cents) based on existing issued share capital as at the end of the financial period	4.51	10.54	-57%	(1.62)	1.20	N/M

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

- (a)(i) The Group recorded a revenue of \$2.3 million, an increase of \$88,000 or 4% as compared with \$2.2 million in prior period. The increase was mainly due to higher number of students enrolled in the United Kingdom operation.
- (a)(ii) The Group recorded a loss before tax of \$0.8 million, a decrease of \$0.2 million, or 22% compared with \$1.1 million loss in prior period. This was mainly a result of the revenue increase along with a lower employee benefits expense.
- (b)(i) The Group's intangible assets decreased by \$52,000, or 29% to \$129,000 as at 31 December 2017. This was due to the amortisation of software development costs.
- (b)(ii) The Company's investment in subsidiaries declined by \$0.9 million or 19% to \$3.9 million as at 31 December 2017. This was due to an impairment loss recognised to reduce the investment to its recoverable amount.
- (b)(iii) A subsidiary is required under the Case Trust for Education Scheme in Singapore to maintain \$138,000 as of 31 December 2017 (31 March 2017: \$138,000) in an escrow bank account where tuition fees paid by its international students are held in trust and disbursed by the escrow bank account to the subsidiary. Such balances are excluded from cash and cash equivalents for cash flow presentation.
- (b)(iv) The Group's prepayments decreased by \$103,000 or 18% to \$0.5 million as at 31 December 2017, mainly due to utilisation of prepaid university fees and other operating expenses.
- (b)(v) The Group's trade and other receivables decreased by \$1.2 million or 51% to \$1.2 million as at 31 December 2017, mainly due to fee collections during the current financial period. The Company's trade and other receivables decreased by \$2.1 million or 87% to \$0.3 million as at 31 December 2017 due to loan repayment from a subsidiary and the refund of deposit from the consolidation of the corporate office space in Singapore.
- (b)(vi) The Group's and Company's cash and cash equivalents declined by \$4.5 million or 54% to \$3.9 million and \$116,000 or 45% to \$142,000 respectively, as at 31 December 2017. The decline was mainly due to cash utilisation for operations.
- (b)(vii) The Group's deferred income and fees decreased by \$51,000 or 9% to \$0.5 million as at 31 December 2017. This is mainly attributed to the recognition of \$87,000 of deferred exam and course revenue from the previous term, offsetted partially by \$36,000 fee collections.
- (b)(viii) The Group's trade and other payables decreased by \$1.4 million or 39% to \$2.2 million as at 31 December 2017 and this was mainly due to payment of creditors, university fees and cost-reduction measures. The Company's trade and other payables decreased by \$1.0 million or 15% to \$5.7 million as at 31 December 2017, mainly due to intercompany transactions and efforts to reduce costs.
- (b)(ix) The Group's and Company's provision for reinstatement cost declined by \$59,000 to \$0.2 million and \$89,000 respectively, as at 31 December 2017, due to the consolidation of the corporate office in Singapore at the beginning of the current financial year.
- (b)(x) The Company's net current liability and net liability positions stood at \$5.2 million and \$1.2 million respectively, as at 31 December 2017. During the financial period, the Company's reduced income from various clients due to a slowdown in their businesses and unfavourable foreign exchange rate movements, resulted in the increased deficit.

- 9 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**
Not Applicable
- 10 **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**
Please refer to our separate announcement released on 8 February 2018, in relation to the quarterly update given pursuant to Rule 1313(2) of the SGX Listing Manual.
- 11 **If a decision regarding dividend has been made :-**
- (a) **Whether an interim (final) ordinary dividend has been declared (recommended); and**
No
- (b) (i) **Amount per share (cents)** Not Applicable
(ii) **Previous corresponding period (cents)** Not Applicable
- (c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**
Not Applicable
- (d) **The date the dividend is payable.**
Not Applicable
- (e) **The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**
Not Applicable
- 12 **If no dividend has been declared (recommended), a statement to that effect.**
No dividend has been declared or recommended.
- 13 **If the Group has obtained a general mandate from shareholders for Interested Person Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**
No IPT mandate has been obtained and there was no material IPTs during the financial period.
- 14 **Negative Confirmation pursuant to Rule 705 (5)**
The Board hereby confirmed that, to the best of their knowledge, nothing has come to the attention of the Board which may render the interim financial results to be false or misleading.
- 15 **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1).**
The Board hereby confirmed that undertakings from all directors and executive officers have been procured for the financial period.

BY ORDER OF THE BOARD

Yau Su Peng
Executive Director

8 February 2018
SINGAPORE