



## **INFORMATICS HOLDINGS LTD**

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### **NEWS RELEASE**

## **Informatics' net losses cut by 68% for the Full Year**

Singapore 30 May 2006 – Mainboard-listed Informatics Holdings Ltd (“Informatics” or the “Group”), a leading provider of quality lifelong learning services, slashed its net losses by 68% or \$48.4 million from \$71.2 million to S\$22.8 million for its financial year ended 31 March 2006, as it made great strides in restructuring its operations.

The decisive measures taken by the Group to restructure, rationalise and consolidate its operations has led to a \$11.4 million or 27% saving in staff cost and a \$37.8 million or 45% reduction in other operating expenses in FY2006.

The huge cost savings derived from the restructuring measures have more than covered the impact from the decrease in Group revenue from \$74.7 million to S\$57.0 million (a decrease of \$17.7 million or 24%). The revenue drop was due mainly to the de-consolidation of Cornerstone, a subsidiary disposed on 22 March 2005, which recorded \$14.7 million in revenue last year. A revenue decline of \$3.9 million was recorded in Malaysian operations due to consolidation of operations and tightening of revenue recognition practice. However, some decreases were offset by the revenue growths shown in the school operations in Singapore and Hong Kong and the validating and awarding operations in the United Kingdom.

Informatics has also made great strides in improving its accounting practices. During the year, its course fee revenue recognition practice was further tightened up. As a result, fees received in advance (course fee revenue deferred to future periods) increased by S\$6.0 million or 49% to S\$18.2 million. Group's balance sheet reflected an increase in the net

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

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

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

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## **ABOUT INFORMATICS GROUP**

Informatics Holdings Ltd (IHL) is a multinational corporation listed on the Mainboard of the Stock Exchange of Singapore. Established in 1983, it is a leader in providing quality lifelong learning services in the fields of information technology and business management. Informatics currently has centres worldwide and a global network spanning in Asia, Middle East, Africa, Latin America and other region.. The Group offers programmes from diplomas to undergraduate and postgraduate degrees. It has the most awards among Private Education Organisations (PEO) in Singapore, including the Singapore Brand Awards 2002 and 2003, the Singapore Quality Class for Private Education Organisations (SQC for PEO) and certification for the ISO 9001: 2000 standards. Following these, it clinched the Golden Brand Award in September 2005 and CaseTrust for Education in July 2005. Informatics has the most number of international government scholars among the PEOs and is also the only PEO in Singapore with employees awarded the National Excellent Service Award (EXSA) for two consecutive years (2004-2005). For more information, please visit <http://www.informaticsgroup.com>.

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