



INFORMATICS HOLDINGS LTD

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NEWS RELEASE

Informatics Reports Attributable Net Loss of S\$26.7 M for the Quarter ended 30 September 2004

Key Highlights

- Group operating revenue declined 54% from S\$36.2 million to S\$16.6 million for the quarter ended 30 September 2004, compared to the corresponding period last year
- Attributable net loss of S\$26.7 million for Q2 FY2005 compared to a loss of S\$2.7 million in the same period last year
- Progress in restructuring plan with strengthened management team
- Informatics Campus and Informatics Through-Train programme will strengthen international student recruitment

Singapore, 4 November 2004 – Mainboard-listed Informatics Holdings Ltd (“Informatics”) today announced its results for its second quarter ended 30 September 2004 (“Q2 FY2005”).

The Group registered a net loss of S\$26.7 million for its Q2 FY2005, on the back of a 54% decline in operating revenue from S\$36.2 million to S\$16.6 million for the corresponding quarter last year. This included charges relating to additional losses arising from provision for doubtful debts of S\$2.3 million, goodwill written-off of S\$2.5 million relating to an overseas subsidiary, provision for a joint venture in China of S\$7.8 m and exceptional item of S\$6.8 million relating to impairment loss and provision for guarantee provided to an educational investment in the United States.

A loss before tax and exceptional item of S\$21.1 million was registered during the quarter compared to a loss of S\$1.8 million in the same period last year. Net cash used in operations increased to S\$3.5 million compared to S\$0.6 million in the corresponding period last year mainly due to a cash outflow to fund losses in the Singapore domestic operations.

For the six months to 30 September 2004, a net loss of S\$53.0 million was registered, compared to a net profit of S\$0.56 million for the corresponding half-year period last year, on the back of a 53% decline in revenue to S\$36.5 million from S\$77.6 million.

Said Dr Michael Teng, Informatics' Chief Executive Officer, who joined the Company in July 2004: "The business environment will continue to be challenging. While the results are disappointing, the Company has made major progress in restructuring its business during the last few months and will continue to refocus its efforts in profitable business segments and markets, review its non-profitable business, concentrate on collection of debts and on financial management control systems."

Update on Restructuring Plan

The Company's restructuring programme has begun to take shape and show some results. The success of the Rights-cum-Warrant Issue has injected net proceeds of S\$18.8 million to enable the Company to pay off its bank borrowings and provide additional working capital.

The Company has further strengthened its management team with the recent appointment of five senior executives to help drive regional growth and to boost academic quality. These appointments are in addition to the new head for Singapore, Mr Michael Lee, who was previously the CEO and CFO of a subsidiary of a listed company.

To support its regional growth, Mr Wong Wee Woon has been appointed Vice President of Malaysia, whilst Mr William Aw will spearhead the Group's China operations as Vice President, China Business Group. Mr Wong was the Managing Director of Longman in Singapore and Malaysia, and President of Pearson Education South Asia. Mr Aw held various senior management positions including General Manager of Jardine Technical Services. The Company also appointed Mr Val Ortega as Vice President of Academic Affairs, whilst Prof Sebastian Chong has assumed the position of Academic Director. Mr Ortega has been with Informatics for 15 years in various senior management positions, while Prof Chong was an Associate Professor in Finance and Accounting at the National University of Singapore. Mrs Carmee Lim, the former Principal of Raffles Girls School, has been appointed as Vice President for the O/A Level programme. All five appointments took effect in the last 1-2 months.

Said Dr Teng: "The restructuring efforts currently in place have provided annual savings of S\$2.6 million in operational costs for the Group. We will continue to adapt quickly to the dynamic and challenging business landscape to compete effectively."

Growth Strategies

The Group continues to focus on its core business of education and will strengthen its fundamentals to achieve high academic standards and delivery, as well as service excellence. The strategy is to leverage on its global network in more than 50 countries.

The Group recently unveiled its new full-fledged 600,000 sq ft campus that can accommodate 15,000 students. It will offer its unique Informatics Through-Train programme, an accelerated direct academic pathway from 'O' level (for foreign students) to degree and postgraduate degree completions, in just 5 years, awarded by reputable universities from the US, the UK, Australia and Canada.

"We want to enhance Informatics' position as a choice educational institute for international students. We believe that students will benefit from the diverse professional backgrounds and multi-cultural environment in the campus. Informatics is well-poised to capture this foreign students' market as we have global market presence in more than 50 countries," said Dr Teng.

On the higher education front, Informatics plans to set up an 'EduPolis' within the new campus to attract more foreign university partners to establish their presence in Singapore. This initiative to form an incubation centre for foreign university partners is a first locally and it enables foreign universities to tap into the high education demand in the region.

"The EduPolis is positioned to build on our strategic alliances with our foreign university partners and presents the opportunity to strengthen the relationship and to provide Informatics value-added services to them. This not only adds greater diversity and range of education choices for local and international students, but will enable students to identify strongly with the University, and gain easy face-to-face access to University faculty staff," added Dr Teng.

Informatics will explore innovative tie-ups with corporations to package a unique curriculum for students to provide them with a real-life education experience beyond classrooms and textbooks. Informatics Singapore's recent collaboration with Singapore Cable Car and Underwater World Singapore to offer IT Immersion programmes to children and youths from around the region, including India and Middles East, has been a success and has received positive feedback.

The Company plans to develop a niche in Cyber-Security training for its Corporate Learning business segment.

Informatics will focus on new growth markets like Africa, Latin America and the Middle East, as well as other good growth markets like China and Japan.

“We believe we have the right building blocks in place now and signs are heading towards the right direction,” said Dr Teng.

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About Informatics Holdings Ltd

The Informatics Group, listed on the mainboard of the Stock Exchange of Singapore, was established in 1983, and is a multinational corporation providing lifelong learning services in information technology and business management. Informatics presently has a global network spanning more than 50 countries, offering programmes from O/A Levels (for international students) to undergraduate and postgraduate degree completions. The Company has won many awards including the Singapore Brand Awards 2002 and 2003, the Singapore Quality Class for Private Education Organisations (SQC for PEO) as well as the People Developer Standards Award. For more information, please visit <http://www.informaticsgroup.com>.

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