

**MindChamps PreSchool Limited
and its Subsidiary Corporations**
(Incorporated in Singapore)
(Company Registration No: 200814577H)

**Condensed Interim Financial Statements
For the six months and full year ended 31 December 2022**

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Contents

	Page
1 Condensed Interim Consolidated Statement of Comprehensive Income	1
2 Condensed Interim Consolidated Statement of Financial Position	4
3 Condensed Interim Consolidated Statement of Changes in Equity	7
4 Condensed Interim Consolidated Statement of Cash Flows	9
5 Notes to the Condensed Interim Consolidated Financial Statements	12
6 Other Information required by Listing Rule Appendix 7.2	26 - 29

MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Consolidated Statement of Comprehensive Income

For the six months and full year ended 31 December 2022

	Note	6 months ended			+/- %	12 months ended		
		31 Dec 22	31 Dec 21			31 Dec 22	31 Dec 21	
		\$'000	\$'000			\$'000	\$'000	
Revenue	4	29,706	31,566	(6%)	61,546	62,709	(2%)	
Cost of sales		(16,773)	(16,144)	4%	(33,073)	(32,415)	2%	
Gross profit		12,933	15,422	(16%)	28,473	30,294	(6%)	
Other income								
- Interest income		42	161	(74%)	216	202	7%	
- Others		2,020	4,090	(51%)	4,057	6,055	(33%)	
		2,062	4,251	(51%)	4,273	6,257	(32%)	
Other gains and losses								
- Gain from corporate transactions	12	3,845	-	N.M.	5,110	258	N.M.	
- Impairment loss on financial assets		(43)	(616)	(93%)	(27)	(928)	(97%)	
- impairment loss on intangible assets		(574)	-	N.M.	(574)	-	N.M.	
- Other losses		(33)	(95)	(65%)	(75)	(115)	(35%)	
Expenses								
- Administrative		(15,703)	(15,233)	3%	(31,333)	(29,902)	5%	
- Finance		(1,292)	(1,025)	26%	(2,351)	(2,155)	9%	
- Marketing		(1,042)	(925)	13%	(1,559)	(1,523)	2%	
Share of profit / (losses) from associates and joint ventures	13,14	721	(13)	N.M.	709	(34)	N.M.	
Profit before income tax		874	1,766	(51%)	2,646	2,152	23%	
Income tax credit	7	418	513	(19%)	273	453	(40%)	
Net profit		1,292	2,279	(43%)	2,919	2,605	12%	
Other comprehensive loss:								
Items that may be reclassified subsequently to profit or loss:								
Currency translation differences arising from consolidation – loss		(3,820)	(2,542)	50%	(5,544)	(3,019)	84%	
Total comprehensive loss		(2,528)	(263)	N.M.	(2,625)	(414)	N.M.	
Profit / (Loss) attributable to:								
Equity holders of the Company		1,445	2,208	(35%)	2,936	2,411	22%	
Non-controlling interests		(153)	71	N.M.	(17)	194	N.M.	
		1,292	2,279	(43%)	2,919	2,605	12%	
Total comprehensive (loss) / income attributable to:								
Equity holders of the Company		(2,375)	(334)	N.M.	(2,608)	(608)	N.M.	
Non-controlling interests		(153)	71	N.M.	(17)	194	N.M.	
		(2,528)	(263)	N.M.	(2,625)	(414)	N.M.	
Earnings per share for net profit attributable to equity holders of the Company								
- Basic earnings per share (cents per share)		0.60	0.91		1.22	1.00		
- Diluted earnings per share (cents per share)		0.60	0.91		1.22	1.00		

The accompanying notes form an integral part of these financial statements.

MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Consolidated Statement of Comprehensive Income

For the six months and full year ended 31 December 2022

COMMENTARY ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

6 months ended 31 December 2022 ("2H 2022") and 31 December 2021 ("2H 2021")

- (1) For the 6 months ended 31 December 2022, the Group recorded a profit before tax of \$0.9 million in 2H 2022, a decrease of approximately \$0.9 million from \$1.8 million in 2H 2021 and a profit after tax of \$1.3 million in 2H 2022, a decrease of approximately \$1.0 million from \$2.3 million in 2H 2021.
- (2) Revenue decreased by approximately \$1.9 million or 6%, from \$31.6 million in 2H 2021 to \$29.7 million in 2H 2022. The decrease was mainly attributable to:
 - (a) a decrease of \$0.6 million in school fees revenue mainly caused by divestment of subsidiary corporations, offset by higher revenue due to organic increase in student enrolment numbers in other subsidiary corporations;
 - (b) an increase of \$0.7 million in royalty revenue mainly resulted from divestment of subsidiary corporations and higher number of students in other franchise centres;
 - (c) a decrease of \$0.6 million in franchise income;
 - (d) a decrease of \$1.0 million which was attributable to the translation of the Group's Australian operations with the depreciation of the Australian dollar against the Singapore dollar during 2H 2022. The Group's Australian operations is not exposed to currency risks as it receives and pays in Australian dollars.
- (3) Other income decreased by approximately \$2.2 million or 51%, from \$4.3 million in 2H 2021 to \$2.1 million in 2H 2022. The decrease was mainly attributable to reduced COVID-19 relief support packages extended by governments to the Group's operations in 2H 2022.
- (4) Impairment of financial assets decreased by \$0.58 million or 93% from \$0.62 million impairment loss in 2H 2021 to impairment loss of \$0.04 million in 2H 2022. The decrease was attributable to the lower expected credit loss associated with the Group's financial assets applied in 2H 2022 resulting from a trend towards recovery from the impact of COVID-19.
- (5) Impairment loss on intangible assets increased by \$0.6 million from nil in 2H 2021 to \$0.6 million in 2H 2022. The increase was attributable to goodwill impairment loss.
- (6) Administrative expenses increased by approximately \$0.5 million or 3%, from \$15.2 million in 2H 2021 to \$15.7 million in 2H 2022. The increase was mainly attributable to:
 - a) an increase of approximately \$0.6 million of operating manpower costs mainly caused by rising manpower costs from Australia's operation; and
 - b) a decrease of \$0.4 million which was attributable to the translation of the Group's Australian operations with the appreciation of the Australian dollar against the Singapore dollar during 2H 2022. The Group's Australian operations is not exposed to currency risks as it receives and pays in Australian dollars.
- (7) Finance expenses increased by approximately \$0.3 million or 26%, from \$1.0 million in 2H 2021 to \$1.3 million in 2H 2022. The increase was attributable to higher interest rate despite lower outstanding loan principals.
- (8) Currency translation loss arising from consolidation increased by approximately \$1.3 million, from a loss of \$2.5 million in 2H 2021 to a loss of \$3.8 million in 2H 2022. These exchange differences arose from the translation of financial statements of the Group's Australian operations whose functional currencies are different from the Group's presentation currency.

MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Consolidated Statement of Comprehensive Income

For the six months and full year ended 31 December 2022

COMMENTARY ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

12 Months Ended 31 December 2022 ("2022") and 31 December 2021 ("2021")

- (1) For the full year ended 31 December 2022, the Group recorded a profit before tax of \$2.6 million, an increase of approximately \$0.4 million from \$2.2 million in 2021 and a profit after tax of \$2.9 million in 2022, an increase of approximately \$0.3 million from \$2.6 million in 2021.
- (2) Revenue decreased by approximately \$1.2 million or 2%, from \$62.7 million in 2021 to \$61.5 million in 2022. The decrease was mainly attributable to:
 - (a) an increase of \$0.4 million in school fees revenue mainly caused by organic increase in both preschool fees year on year and student enrolment numbers, offset by lower revenue due to divestment of subsidiary corporations;
 - (b) an increase of \$1.1 million in royalty revenue in 2022 mainly resulted from divestment of subsidiary corporations and higher number of students in other franchise centres; and
 - (c) an increase of \$0.6 million in commission income following the acquisition of a centralised childcare enrolment business in Australia in 2021; and
 - (d) a decrease of \$1.4 million in franchise income;
 - (e) a decrease of \$2.0 million which was attributable to the translation of the Group's Australian operations with the depreciation of the Australian dollar against the Singapore dollar during 2022. The Group's Australian operations is not exposed to currency risks as it receives and pays in Australian dollars.
- (3) Other income decreased by approximately \$2.0 million or 32%, from \$6.3 million in 2021 to \$4.3 million in 2022. The decrease was mainly attributable to reduced COVID-19 relief support packages extended by governments to the Group's operations in 2022.
- (4) Impairment of financial assets decreased by \$0.90 million or 97%, from \$0.93 million in 2021 to \$0.03 million in 2022. The decrease was attributable to the lower expected credit loss associated with the Group's financial assets applied in 2022 resulting from a trend towards recovery from the impact of COVID-19.
- (5) Impairment loss on intangible assets increased by \$0.6 million from nil in 2021 to \$0.6 million in 2022. The increase was attributable to goodwill impairment loss.
- (6) Administrative expenses increased by approximately \$1.4 million or 5%, from \$29.9 million in 2021 to \$31.3 million in 2022. The increase was mainly attributable to:
 - a) an increase of approximately \$1.7 million of operating manpower costs mainly caused by rising manpower costs from Australia's operation; and
 - b) a decrease of \$0.8 million which was attributable to the translation of the Group's Australian operations with the appreciation of the Australian dollar against the Singapore dollar during 2022. The Group's Australian operations is not exposed to currency risks as it receives and pays in Australian dollars.
- (7) Finance expenses increased by approximately \$0.2 million or 9%, from \$2.2 million in 2021 to \$2.4 million in 2022. The increase was attributable to the higher interest rate despite lower outstanding loan principals.
- (8) Currency translation loss arising from consolidation increased by approximately \$2.5 million, from a loss of \$3.0 million in 2021 to a loss of \$5.5 million in 2022. These exchange differences arose from the translation of financial statements of the Group's Australian operations, whose functional currencies are different from the Group's presentation currency.

MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Consolidated Statement of Financial Position - Group

As at 31 December 2022

	Note	31 Dec 2022 \$'000	31 Dec 2021 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		6,845	10,986
Trade and other receivables		25,114	16,669
Inventories		757	540
Lease receivables		837	696
		<u>33,553</u>	<u>28,891</u>
Non-current assets			
Property, plant and equipment		23,615	27,336
Intangible assets	9	78,346	92,812
Lease receivables		964	1,498
Trade and other receivables		1,249	1,238
Deferred income tax assets		2,034	1,768
Investments in associates	13	122	147
Investments in joint ventures	14	734	-
		<u>107,064</u>	<u>124,799</u>
Total assets		<u>140,617</u>	<u>153,690</u>
LIABILITIES			
Current liabilities			
Trade and other payables		21,315	14,005
Contract liabilities		2,111	2,637
Borrowings	10	12,840	11,372
Lease liabilities	10	6,377	7,780
Current income tax liabilities		14	373
		<u>42,657</u>	<u>36,167</u>
Non-current liabilities			
Borrowings	10	12,740	26,177
Lease liabilities	10	16,053	18,616
Deferred income tax liabilities		30	40
Provision for reinstatement costs		862	976
		<u>29,685</u>	<u>45,809</u>
Total liabilities		<u>72,342</u>	<u>81,976</u>
NET ASSETS		<u>68,275</u>	<u>71,714</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	11	49,301	49,301
Currency translation reserve		(6,775)	(1,231)
Retained profits		26,182	23,246
		<u>68,708</u>	<u>71,316</u>
Non-controlling interests		<u>(433)</u>	<u>398</u>
TOTAL EQUITY		<u>68,275</u>	<u>71,714</u>

The accompanying notes form an integral part of these financial statements.

COMMENTARY ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(1) Current assets

The Group's current assets increased by approximately \$4.7 million or 16%, from \$28.9 million as at 31 December 2021 to \$33.6 million as at 31 December 2022. The increase of the Group's current assets was mainly attributable to the increase in trade and other receivables arising from balance purchase considerations receivable in first half 2023 in relation to divestment of subsidiary corporations on 29 December 2022.

(2) Non-current assets

The Group's non-current assets decreased by approximately \$17.7 million or 14%, from \$124.8 million as at 31 December 2021 to \$107.1 million as at 31 December 2022. The decrease of the Group's non-current assets was mainly attributable to the decrease in intangible assets from the divestment of subsidiary corporations and depreciation of Australian dollars arising from the translation of financial statement of the Group's Australian operations.

(3) Current liabilities

The Group's current liabilities increased by approximately \$6.5 million or 18%, from \$36.2 million as at 31 December 2021 to \$42.7 million as at 31 December 2022. The increase of the Group's current liabilities was mainly attributable to the increase in trade and other payables arising from deferred settlements payable in first quarter 2023 in relation to divestment of subsidiary corporations on 29 December 2022.

(4) Non-current liabilities

The Group's non-current liabilities decreased by approximately \$16.1 million or 35%, from \$45.8 million as at 31 December 2021 to \$29.7 million as at 31 December 2022. The decrease of the Group's non-current liabilities was mainly attributable to the decrease in non-current borrowings resulting from repayments of existing borrowings and non-current lease liabilities in relation to divestment of subsidiary corporations and preschool centres.

MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Statement of Financial Position – Company

As at 31 December 2022

	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
ASSETS		
Current assets		
Cash and cash equivalents	2,976	3,955
Trade and other receivables	13,012	12,118
Inventories	4	3
Lease receivables	837	696
	<u>16,829</u>	<u>16,772</u>
Non-current assets		
Property, plant and equipment	1,460	2,487
Intangible assets	1,674	2,217
Trade receivables	1,249	1,238
Lease receivables	964	1,498
Deferred income tax assets	113	28
Investments in subsidiary corporations	81,677	81,677
Investments in associates	122	147
Investments in joint ventures	-	-
	<u>87,259</u>	<u>89,292</u>
Total assets	<u>104,088</u>	<u>106,064</u>
LIABILITIES		
Current liabilities		
Trade and other payables	29,445	17,691
Borrowings	10,585	8,179
Lease liabilities	1,206	1,171
	<u>41,236</u>	<u>27,041</u>
Non-current liabilities		
Borrowings	8,539	17,124
Lease liabilities	1,297	2,503
Provision for reinstatement costs	40	37
	<u>9,876</u>	<u>19,664</u>
Total liabilities	<u>51,112</u>	<u>46,705</u>
NET ASSETS	<u>52,976</u>	<u>59,359</u>
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	49,301	49,301
Retained profits	3,675	10,058
TOTAL EQUITY	<u>52,976</u>	<u>59,359</u>

The accompanying notes form an integral part of these financial statements.

MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Attributable to equity holders of the Company			Non-controlling interests	Total
	Share capital	Currency translation reserve	Retained profits		
	\$'000	\$'000	\$'000	\$'000	\$'000
31 December 2022					
As at 1 January 2022	49,301	(1,231)	23,246	398	71,714
Total comprehensive (loss)/profit for the financial year	-	(5,544)	2,936	(17)	(2,625)
Dividend paid to non-controlling interests	-	-	-	(604)	(604)
Divestment of subsidiary corporations	-	-	-	(210)	(210)
As at 31 December 2022	49,301	(6,775)	26,182	(433)	68,275
31 December 2021					
As at 1 January 2021	49,301	1,788	20,835	71	71,995
Total comprehensive (loss)/profit for the financial year	-	(3,019)	2,411	194	(414)
Dividend paid to non-controlling interests	-	-	-	(208)	(208)
Acquisition of a centralised childcare enrolment business	-	-	-	341	341
As at 31 December 2021	49,301	(1,231)	23,246	398	71,714

The accompanying notes form an integral part of these financial statements.

MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Statement of Changes in Equity - Company

For the year ended 31 December 2022

	Share capital	Retained profits	Total
	\$'000	\$'000	\$'000
<u>31 December 2022</u>			
As at 1 January 2022	49,301	10,058	59,359
Total comprehensive loss for the financial year	-	(6,383)	(6,383)
As at 31 December 2022	49,301	3,675	52,976
<u>31 December 2021</u>			
As at 1 January 2021	49,301	(6,903)	42,398
Total comprehensive income for the financial year	-	16,961	16,961
As at 31 December 2021	49,301	10,058	59,359

The accompanying notes form an integral part of these financial statements.

MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Note	12 months ended	
		31 Dec 2022 \$'000	31 Dec 2021 \$'000
Cash flows from operating activities			
Net profit		2,919	2,605
Adjustments for:			
- Amortisation of intangible assets		1,439	1,223
- Depreciation of property, plant and equipment		8,934	9,619
- Gain from corporate transactions		(5,110)	(258)
- Interest expense		2,351	2,155
- Impairment of financial assets		27	928
- Impairment of intangible assets		574	-
- Interest income		(216)	(202)
- Income tax credit	7	(273)	(453)
- Share of (profit)/losses of an associate and joint ventures		(709)	34
- Unrealised currency translation losses / (gains)		994	(17)
		10,930	15,634
Change in working capital, net of effects from acquisitions of businesses, subsidiary corporations, and divestment of subsidiary corporations:			
- Contract liabilities		882	553
- Inventories		(263)	(172)
- Trade and other receivables		(6,782)	(1,854)
- Trade and other payables		7,194	(1,939)
Cash generated from operations		11,961	12,222
Income tax paid		(215)	(213)
Income tax refund		-	521
Net cash provided by operating activities		11,746	12,530
Cash flows from investing activities			
Acquisition of subsidiary corporations, net of cash acquired		-	191
Investment in an associate		-	(160)
Additions to intangible assets		(1,201)	(1,094)
Additions to property, plant and equipment		(2,222)	(930)
Divestment of subsidiary corporations	12	6,969	626
Interest received		216	202
Sublease income received		709	733
Net cash provided by / (used in) investing activities		4,471	(432)

The accompanying notes form an integral part of these financial statements.

MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	12 months ended	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Cash flows from financing activities		
Dividend paid to non-controlling interests	(604)	(208)
Interest paid for loans and leases	(1,993)	(1,957)
Proceeds from term loans	-	2,160
Repayments of term loans	(9,176)	(5,846)
Repayment of principal amount of lease liabilities	(8,337)	(8,378)
Transfer from / (to) reserve account	602	(3,111)
Net cash used in financing activities	(19,508)	(17,340)
Net decrease in cash and cash equivalents	(3,291)	(5,242)
Cash and cash equivalents		
Beginning of financial year	5,875	11,335
Effects of currency translation on cash and cash equivalents	(248)	(218)
End of financial year	2,336	5,875
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Cash and cash equivalents in the statement of financial position	6,845	10,986
Less: Bank balances in the reserve account	(2,509)	(3,111)
Less: Bank overdraft	(2,000)	(2,000)
Cash and cash equivalents in the consolidated statement of cash flows	2,336	5,875

The accompanying notes form an integral part of these financial statements.

MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Consolidated Statement of Cash Flows

For the year ended 31 December 2022

COMMENTARY ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

12 months ended 31 December 2022 (“2022”)

The Group’s cash and cash equivalents in the consolidated statement of cash flows decreased by \$3.6 million, from \$5.9 million as at 31 December 2021 to \$2.3 million as at 31 December 2022.

Major cash inflows in 2022 were:

- (a) net cash provided by operating activities of approximately \$11.7 million; and
- (b) divestment of subsidiary corporations of \$7.0 million.

Major cash outflows in 2022 were:

- (a) repayments of principal and interest elements of borrowings amounting to approximately \$9.2 million and S\$1.2 million respectively;
- (b) repayments of principal and interest elements of lease payments in relation to the leasing of preschool centres corporate offices of approximately \$8.3 million and \$0.8 million respectively; and
- (c) payments in relation to additions of property, plant and equipment of approximately \$2.2 million for renovation and software.

1 General information

MindChamps PreSchool Limited (the “Company”) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months and full year ended 31 December 2022 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Company are those relating to childcare services and investment holding.

The principal activities of the Group are:

- (a) Provision of childcare services
- (b) Franchising of childcare services for preschool children
- (c) Commercial school offering higher education services
- (d) Business and management consultancy services and investment holding
- (e) Asset management
- (f) Operation and management of preschool centres
- (g) Music, dancing, art, speech, and drama instruction
- (h) Childcare enrolment services.

2 Basis of preparation

The condensed interim financial statements for the six months and full year ended 31 December 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s balance sheet and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies and method of computation adopted are consistent with the most recently audited financial statements for the year ended 31 December 2021 which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

Going concern assumption

As at 31 December 2022, the Group and the Company were in net current liabilities position of \$9.1 million and \$24.4 million, respectively. This represents the existence of conditions that may cast significant doubt about the Group’s and the Company’s ability to continue as going concerns. Nevertheless, the financial statements are prepared on a going concern basis taking into consideration the following:

Excluding:

- (i) the Group’s net current lease liabilities, deferred revenue, and non-financial assets of \$6.1 million and the Company’s net current lease liabilities, deferred revenue, and non-financial assets of \$0.2 million; and
- (ii) the Company’s net intra-group payables of \$19.7 million within the Group (the Group’s treasury management function is centrally managed at the Company where the intra-group lending or repayments within the Group are at the Company’s sole discretion and assessment),

the Group and the Company would have recorded an adjusted net current liabilities of \$3.0 million and \$4.5 million respectively.

The Board and the management have deliberated the Group’s business plans and operation budgets and are of the view that the Group is able to generate positive operating cash flows at least for the next twelve months.

2.1 New and amended standards adopted by the Group

There were no new or amended standards that have become applicable for the Group in relation to the current reporting period.

2.2 Use of judgements and estimates

In the process of applying the Group's accounting policies, there is no instance of application of judgement resulting in significant updates since the last audited financial statements as at 31 December 2021 which will result in significant effects to amounts recognised in the condensed consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk or resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the Note 9 – impairment test of goodwill.

3 Seasonal operations

We have experienced, and expect to continue to experience, seasonal fluctuations in our results of operations, primarily due to seasonal changes in student enrolments. The number of students at our preschool centres in Singapore and Australia is typically the lowest at the start of each calendar year, due to the graduation of kindergarten 2 students at the end of the preceding year, before gradually being replaced over the course of the year by new enrolments. As our revenue is directly affected by the headcount of students at our preschool centres, such seasonal fluctuations in student enrolments generally give rise to a corresponding seasonal fluctuation in our revenue over the course of a year.

4 Segment and revenue information

The Key Management ("KM") is the Group's chief decision-maker. The KM comprises the Founder Chief Executive Officer & Executive Chairman, the Chief Financial Officer, and the Global Chief Brand Officer & Chief Operating Officer.

The KM considers the business from both a geographic and business segment perspective. Geographically, the KM manages and monitors the business in the two primary geographic areas namely, Singapore and Australia. From a business segment perspective, the KM separately considers the education and franchise activities in these geographic areas.

Operating segments that have similar economic characteristics and similar nature of products and services are aggregated into a single reportable segment. The following summary describes the operations in each of the Group's reportable segments:

(i) Education

Provision of childcare, education and learning related services for preschool children.

(ii) Franchise

Franchising of childcare services and enrichment classes.

(iii) Corporate

Provision of administrative support services and corporate office.

(iv) Others

Provision of commercial schools offering higher education programmes, business, management consulting services and childcare enrolment services.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the condensed interim consolidated financial statements

For the six months and full year ended 31 December 2022

4.1 Reportable segments

The segment information provided to the KM for the reportable segments are as follows:

	Singapore				Australia			Group
	Education	Franchise	Corporate	Others	Education	Franchise	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
6 months ended								
31 Dec 2022								
Sales								
Total segment sales	6,932	4,943	-	-	18,297	(314)	1,055	30,913
Inter-segment sales	-	(593)	-	-	-	-	(614)	(1,207)
Sales to external parties	6,932	4,350	-	-	18,297	(314)	441	29,706
EBITDA	3,062	5,409	(2,023)	106	3,108	(2,601)	(144)	6,917
As at 31 Dec 2022								
Segment assets	17,087	5,821	17,259	1,278	95,445	2,799	928	140,617
Segment liabilities	(3,767)	(17,986)	(24,475)	(27)	(23,362)	(2,367)	(358)	(72,342)
6 months ended								
31 Dec 2021								
Sales								
Total segment sales	9,757	4,515	-	-	17,443	257	861	32,833
Inter-segment sales	-	(863)	-	-	-	-	(404)	(1,267)
Sales to external parties	9,757	3,652	-	-	17,443	257	457	31,566
EBITDA	4,572	645	(2,730)	(13)	6,441	(947)	16	7,984
As at 31 Dec 2021								
Segment assets	23,215	2,091	20,198	1,422	102,232	4,485	47	153,690
Segment liabilities	(18,118)	(7,871)	(30,106)	(174)	(23,314)	(2,224)	(169)	(81,976)

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the condensed interim consolidated financial statements

For the six months and full year ended 31 December 2022

4 Segment and revenue information (Continued)

4.1 Reportable segments (Continued)

	Singapore				Australia			Group
	Education	Franchise	Corporate	Others	Education	Franchise	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
12 months ended								
31 Dec 2022								
Sales								
Total segment sales	16,660	9,489	-	-	34,853	794	2,106	63,902
Inter-segment sales	-	(1,433)	-	-	-	-	(923)	(2,356)
Sales to external parties	16,660	8,056	-	-	34,853	794	1,183	61,546
EBITDA	7,660	7,548	(3,512)	47	7,143	(3,732)	(4)	15,154
As at 31 Dec 2022								
Segment assets	17,087	5,821	17,259	1,278	95,445	2,799	928	140,617
Segment liabilities	(3,767)	(17,986)	(24,475)	(27)	(23,362)	(2,367)	(358)	(72,342)
12 months ended								
31 Dec 2021								
Sales								
Total segment sales	18,664	10,455	-	-	34,251	365	1,174	64,909
Inter-segment sales	-	(1,646)	-	-	-	-	(554)	(2,200)
Sales to external parties	18,664	8,809	-	-	34,251	365	620	62,709
EBITDA	8,660	3,340	(4,351)	(13)	10,074	(2,717)	(46)	14,947
As at 31 Dec 2021								
Segment assets	23,215	2,091	20,198	1,422	101,446	4,485	833	153,690
Segment liabilities	(18,118)	(7,871)	(30,106)	(174)	(23,261)	(2,224)	(222)	(81,976)

In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

	12 months ended			
	Sales		EBITDA	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
By business segment				
Education				
- Singapore	27%	30%	51%	58%
- Australia	57%	55%	47%	66%
Franchise				
- Singapore	13%	14%	50%	22%
- Australia	1%	*	(25%)	(17%)
Corporate				
- Singapore	0%	0%	(23%)	(29%)
Other				
- Australia	2%	1%	0%	0%
	100%	100%	100%	100%

* Less than 1%

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the condensed interim consolidated financial statements

For the six months and full year ended 31 December 2022

4 Segment and revenue information (Continued)

4.1 Reportable segments (Continued)

By business segment, the Education segment remained as the largest contributor for the Group's turnover and earnings in 2022 and 2021.

By geographical segment:

- the Australia segment was the largest contributor to the Group's turnover in 2022 and 2021.
- the Singapore segment remained the largest contributor to the Group's earnings in 2022 and 2021.

	12 months ended			
	Sales		EBITDA	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
- Singapore	40%	44%	77%	51%
- Australia	60%	56%	23%	49%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

(a) Reconciliation

Segment profit

A reconciliation of EBITDA to profit before income tax is as follows:

	6 months ended		12 months ended	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
EBITDA for reportable segments	6,819	7,997	15,111	14,960
EBITDA for other segments	98	(13)	43	(13)
Depreciation	(4,060)	(4,685)	(8,934)	(9,619)
Amortisation	(733)	(669)	(1,439)	(1,223)
Finance expense	(1,292)	(1,025)	(2,351)	(2,155)
Interest income	42	161	216	202
Profit before income tax	<u>874</u>	<u>1,766</u>	<u>2,646</u>	<u>2,152</u>

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the condensed interim consolidated financial statements

For the six months and full year ended 31 December 2022

4 Segment and revenue information (Continued)

4.1 Reportable segments (Continued)

(b) Revenue from major services

Revenues from external customers are mainly school fees, royalty fees and franchise income. Breakdown of the revenue from respective segment is as follows:

	6 months ended		12 months ended	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
<u>Revenue</u>				
Education	25,229	27,200	51,513	52,915
Franchise	4,036	3,909	8,850	9,174
Others	441	457	1,183	620
	<u>29,706</u>	<u>31,566</u>	<u>61,546</u>	<u>62,709</u>

There were no transactions with a single external customer which amounted to 10 per cent or more of the Group's revenue.

4.2 Disaggregation of Revenue

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major revenue streams and geographical regions. Revenue is attributed to countries by source of revenue generation.

	At a point in time	Over time	Total
	\$'000	\$'000	\$'000
6 months ended 31 Dec 2022			
Singapore			
- School fees	-	6,732	6,732
- Royalty fees	-	3,748	3,748
- Franchise income	245	-	245
- Sale of merchandise	265	-	265
- Others	292	-	292
Sales to external parties	<u>802</u>	<u>10,480</u>	<u>11,282</u>
Australia			
- School fees	-	18,242	18,242
- Royalty fees	-	197	197
- Franchise income	- 560	-	560
- Sale of merchandise	21	-	21
- Management service income	28	-	28
- Commission income	441	-	441
- Others	55	-	55
Sales to external parties	<u>- 15</u>	<u>18,439</u>	<u>18,424</u>
Total	<u>787</u>	<u>28,919</u>	<u>29,706</u>

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the condensed interim consolidated financial statements

For the six months and full year ended 31 December 2022

4 Segment and revenue information (Continued)

4.2 Disaggregation of Revenue (Continued)

	At a point in time	Over time	Total
	\$'000	\$'000	\$'000
6 months ended 31 Dec 2021			
Singapore			
- School fees	-	9,605	9,605
- Royalty fees	-	3,174	3,174
- Franchise income	248	-	248
- Sale of merchandise	288	-	288
- Others	95	-	95
Sales to external parties	<u>631</u>	<u>12,779</u>	<u>13,410</u>
Australia			
- School fees	-	17,385	17,385
- Royalty fees	-	113	113
- Franchise income	-	-	-
- Sale of merchandise	49	-	49
- Management service income	93	-	93
- Commission income	457	-	457
- Others	59	-	59
Sales to external parties	<u>658</u>	<u>17,498</u>	<u>18,156</u>
Total	<u>1,289</u>	<u>30,277</u>	<u>31,566</u>
12 months ended 31 Dec 2022			
Singapore			
- School fees	-	16,292	16,292
- Royalty fees	-	6,910	6,910
- Franchise income	558	-	558
- Sale of merchandise	573	-	573
- Others	383	-	383
Sales to external parties	<u>1,514</u>	<u>23,202</u>	<u>24,716</u>
Australia			
- School fees	-	34,755	34,755
- Royalty fees	-	349	349
- Franchise income	373	-	373
- Sale of merchandise	21	-	21
- Management service income	51	-	51
- Commission income	1,183	-	1,183
- Others	98	-	98
Sales to external parties	<u>1,726</u>	<u>35,104</u>	<u>36,830</u>
Total	<u>3,240</u>	<u>58,306</u>	<u>61,546</u>

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the condensed interim consolidated financial statements

For the six months and full year ended 31 December 2022

4 Segment and revenue information (Continued)

4.2 Disaggregation of Revenue (Continued)

	<u>At a point in time</u> <u>\$'000</u>	<u>Over time</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
12 months ended 31 Dec 2021			
Singapore			
- School fees	-	18,370	18,370
- Royalty fees	-	5,974	5,974
- Franchise income	2,368	-	2,368
- Sale of merchandise	567	-	567
- Others	194	-	194
Sales to external parties	<u>3,129</u>	<u>24,344</u>	<u>27,473</u>
Australia			
- School fees	-	34,141	34,141
- Royalty fees	-	221	221
- Franchise income	-	-	-
- Sale of merchandise	49	-	49
- Management service income	93	-	93
- Commission income	620	-	620
- Others	112	-	112
Sales to external parties	<u>874</u>	<u>34,362</u>	<u>35,236</u>
Total	<u>4,003</u>	<u>58,706</u>	<u>62,709</u>

5 Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2022 and 31 December 2021:

	<u>Group</u>		<u>Company</u>	
	31 Dec 2022 \$'000	31 Dec 2021 \$'000	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Financial assets, at amortised cost	34,169	29,950	18,888	19,337
Financial liabilities, at amortised cost	<u>69,325</u>	<u>77,950</u>	<u>51,072</u>	<u>46,668</u>

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the condensed interim consolidated financial statements

For the six months and full year ended 31 December 2022

6 Profit before income tax

6.1 Significant items

	6 months ended		12 months ended	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
Income				
Service income	984	807	1,765	1,492
Retention payable write off ⁽¹⁾	-	485	-	485
Government grants	219	2,474	1,104	3,633
Expenses				
Amortisation of intangible asset	733	669	1,439	1,223
Depreciation of property, plant and equipment	4,060	4,685	8,934	9,619
Employee compensation	21,886	21,266	43,610	42,001
Interest expenses:				
- Lease liabilities	435	484	891	1,048
- Term loans	759	502	1,298	1,004

⁽¹⁾ This pertains to the retention sum payable under the sales and purchase agreement now waived by the sellers.

6.2 Related party transactions

	Group and Company			
	6 months ended		12 months ended	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
Sale to an associate				
- Franchise income	-	-	-	2,145

The Group had no material related party transactions apart from the above and those already disclosed in the audited 31 December 2021 financial statements.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the condensed interim consolidated financial statements

For the six months and full year ended 31 December 2022

7 Income tax credit

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group and Company			
	6 months ended		12 months ended	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
Current income tax credit	419	334	323	284
Deferred income tax (expenses) / credit relating to origination and reversal of temporary differences	- 1	179	- 50	169
	418	513	273	453

8 Net asset value

	Group		Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Net asset value per ordinary share (cents per share)	28	30	22	25

9 Intangible assets

	Group		Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
<u>Composition</u>				
Goodwill arising on consolidation (Note (a))	75,087	89,297	-	-
Franchise licences	-	-	-	-
Courseware development cost	2,996	2,905	1,413	1,610
Computer software licences	230	556	228	553
Copyrights	33	54	33	54
	78,346	92,812	1,674	2,217

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the condensed interim consolidated financial statements

For the six months and full year ended 31 December 2022

9 Intangible assets (Continued)

(a) *Goodwill arising on consolidation*

	Group	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
<u>Cost</u>		
Beginning of financial year	89,383	92,638
Acquisitions of performing arts, preschool businesses, and subsidiary corporations	-	171
Divestment of subsidiary corporations (Note 12)	(8,260)	(523)
Currency translation differences	(5,376)	(2,903)
End of financial year	75,747	89,383
<u>Accumulated impairment</u>		
Beginning of financial year	86	86
Impairment for the year	546	-
Currency translation differences	28	-
End of financial year	660	86
Net book value	75,087	89,297
<u>Impairment tests for goodwill</u>		

Goodwill that has an indefinite useful life are not subject to amortisation and are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. The Group performed its annual impairment test as at 31 December 2022. The key assumptions used to determine the recoverable amount for the CGU were disclosed in the annual consolidated financial statements for the year ended 31 December 2021. Impairment indicators were identified as at 31 December 2022 based on one CGU's business performance.

10 Borrowings

	Group			
	As at 31 Dec 2022		As at 31 Dec 2021	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less, or on demand	19,217	-	19,152	-
Amount repayable after one year	28,793	-	44,793	-
Total	48,010	-	63,945	-

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the condensed interim consolidated financial statements

For the six months and full year ended 31 December 2022

10 Borrowings (Continued)

Details of collaterals

The Group's borrowings consist of term loans and are secured by means of Specific Security Deeds in respect of securities over shares in the following subsidiary corporations:

- MindChamps Early Learning Australia Pty. Limited
- MindChamps Early Learning 1 Pty. Limited
- MindChamps Early Learning 3 Pty. Limited
- MindChamps Early Learning 4 Pty. Limited
- MindChamps Early Learning 6 Pty. Limited
- MindChamps Early Learning 7 Pty. Limited
- MindChamps Early Learning 8 Pty. Limited
- MindChamps Early Learning 9 Pty. Limited
- MindChamps Early Learning 10 Pty. Limited
- MindChamps Early Learning 11 Pty. Limited
- MindChamps Early Learning 12 Pty. Limited
- MindChamps PreSchool @ Buangkok Private Limited

11 Share capital

	Group and Company			
	31 Dec 2022		31 Dec 2021	
	No. of ordinary shares issued ('000)	Amount \$'000	No. of ordinary shares issued ('000)	Amount \$'000
Beginning and end of financial year	<u>241,600</u>	<u>49,301</u>	<u>241,600</u>	<u>49,301</u>

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

The Company did not have any outstanding options, rights, subsidiary holdings, convertibles, or treasury shares as at 31 December 2022 and 31 December 2021.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the condensed interim consolidated financial statements

For the six months and full year ended 31 December 2022

12 Gain from corporate transactions

On 30 June 2022, the Group divested its equity interest in its partially owned subsidiary corporations, MindChamps PreSchool @ Serangoon Pte. Limited (“SRG”) and MindChamps PreSchool @ Zhongshan Park Pte. Ltd (“ZSP”).

On 29 December 2022, the Group divested of its wholly owned subsidiary corporations, MindChamps PreSchool @ Punggol Northshore Pte. Limited (“PGL”) and MindChamps PreSchool @ Paragon Pte. Ltd (“PRG”).

The effects of the divestments on the cash flows of the Group were as follows:

	SRG	ZSP	PGL	PRG	Total
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Carrying amounts of assets and liabilities as at the date of divestment:					
Cash and cash equivalents	184	91	43	30	348
Property, plant and equipment	1,255	751	760	32	2,798
Trade and other receivables	4,132	1,366	6,605	2,869	14,972
Intangible assets (Note 9)	4,077	618	3,536	29	8,260
Inventories	9	3	16	13	41
Deferred tax assets	3	7	43	-	53
Total assets	<u>9,660</u>	<u>2,836</u>	<u>11,003</u>	<u>2,973</u>	<u>26,472</u>
Trade and other payables	3,319	763	5,496	1,645	11,223
Contract liabilities	396	133	547	189	1,265
Deferred tax liabilities	-	6	31	1	38
Lease liabilities	1,200	735	683	56	2,674
Bank loans	649	608	662	685	2,604
Total liabilities	<u>5,564</u>	<u>2,245</u>	<u>7,419</u>	<u>2,576</u>	<u>17,804</u>
Net assets divested of	4,096	591	3,584	397	8,668
Cash inflows arising from divestment:					
Net assets divested of (as above)	4,096	591	3,584	397	8,668
Gain on divestments	549	716	2,742	1,103	5,110
Proceeds on divestment	4,645	1,307	6,326	1,500	13,778
Less: Cash and cash equivalents in subsidiary corporations divested of	(184)	(91)	(43)	(30)	(348)
Less: Deferred considerations*	-	-	(5,061)	(1,400)	(6,461)
Net cash inflow on divestments	<u>4,461</u>	<u>1,216</u>	<u>1,222</u>	<u>70</u>	<u>6,969</u>

* The deferred considerations are expected to receive in full in 1st quarter of FY 2023.

MindChamps PreSchool Limited and its Subsidiary Corporations

Notes to the condensed interim consolidated financial statements

For the six months and full year ended 31 December 2022

13 Investments in associates

	Group and Company			
	6 months ended		12 months ended	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
<i>Equity accounting</i>				
Beginning of financial period/year	135	-	147	-
Addition during the financial period/year	-	160	-	160
Share of losses for financial period/year	(13)	(13)	(25)	(13)
End of financial period/year	122	147	122	147

14 Investments in joint ventures

	Group			
	6 months ended		12 months ended	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
<i>Equity accounting</i>				
Beginning of financial period/year	-	21	-	21
Additions	-	-	*	-
Share of profit / (losses) from joint ventures	734	(21)	734	(21)
End of financial period/year	734	-	734	-

* Less than \$1,000

15 Contingent liabilities

There are no material contingent liabilities apart from those already disclosed in the audited 31 December 2021 financial statements.

16 Subsequent events

There are no known subsequent events which led to adjustments to this set of interim financial statements.

Other Information Required by Listing Rule Appendix 7.2

OTHER INFORMATION

1 Review

The condensed consolidated statement of financial position of MindChamps PreSchool Limited and its subsidiary corporations as at 31 December 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the twelve-month period then ended and certain explanatory notes have not been audited or reviewed.

2 Review of performance of the Group

Please refer to the interim financial statements of the Group for the six months and full year ended 31 December 2022 on page 1 to 11.

3 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. The Company did not issue any forecast or prospect statement to shareholders previously.

4 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.

(a) 2023's Outlook

Rising interest rates, operating costs and workforce shortages are constraints which may persist in 2023.

The Group is, however, cautiously optimistic as factors such as an increase in enrolment due to the return of working parents back to the workplace show positive signs of recovery from the adverse impact of COVID-19. The Group has also increased school fees starting from FY2023 to cushion the impact of rising operating costs. Suitable subsidiary corporations have also been identified for divestment to our franchisees to lower borrowings and reduce interest expense.

As part of the Group's commitment on sustainable growth and returns, it has realigned its strategic priorities by shifting its business model away from company-owned centres and focussing on accelerating its franchise sales in key markets such as Singapore and Australia. The Group has also expanded its franchise sales footprint and brand presence to the United States as part of the Group's global expansion strategy to fulfil our commitment to bring premium education to the world.

(b) Incorporation of subsidiary corporations.

- On 21 January 2022, the Company incorporated MindChamps International PreSchool Inc. in Florida, USA with an issued and paid-up share capital of US\$100.
- On 21 July 2022, MindChamps International PreSchool Inc., a wholly owned subsidiary corporation of the Company, incorporated MindChamps International PreSchool Franchising Inc. in Delaware, USA with an issued and paid-up share capital of US\$50,000 to spearhead the expansion of our franchise segment in USA.
- On 9 December 2022, MindChamps Early Learning Australia Pty. Limited, a subsidiary corporation of the Company, incorporated a subsidiary corporation, ELMSS Pty Ltd ("ELMSS"), holding 80% equity interest in ELMSS, at a consideration of A\$60.

5 If a decision regarding dividend has been made:-

(a) Current Financial Period Reported on

No dividends recommended in the current reported financial period.

(b) Corresponding Period of the Immediate Preceding Financial Year

No dividends recommended in the immediate preceding reported financial year.

(c) The date the dividend is payable

Not applicable.

(d) Books Closure Date

Not applicable.

6 If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared for the current reported financial period as the Company intends to retain the profits generated in the current financial period for operational needs.

7 If the Group has obtained a general mandate from shareholders for 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.

The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

8 Confirmation that the Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

9 Review of performance of the Group – turnover and earnings

Please refer to the interim financial statements of the Group for the for the six months and full year ended 31 December 2022 page 1 -11.

10 Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

Pursuant to Rule 704(13) of the Listing Manual, The Company confirms that there are no persons occupying a managerial position in the Company or in any of its principal subsidiary corporations who is a relative of a director, chief executive officer or substantial shareholder of the Company.

11 Negative confirmations pursuant to Rule 705(5).

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the interim financial statements to be false or misleading in any material aspect.

On behalf of the Board of Directors

**Mr. David Chiem Phu An
Executive Chairman**

BY ORDER OF THE BOARD

**Yeo Hui Leng
Company Secretary
1 March 2023**