

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

**Condensed Interim Financial Statements  
For the six months ended 30 June 2023**

**MindChamps PreSchool Limited and its Subsidiary Corporations**  
*(Incorporated in Singapore)*

**Condensed Interim Financial Statements**  
*For the six months ended 30 June 2023*

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**MindChamps PreSchool Limited and its Subsidiary Corporations**

**Condensed Interim Consolidated Statement of Comprehensive Income**

For the six months ended 30 June 2023

	Note	6 months ended		+/- %
		30 Jun 23 \$'000	30 Jun 22 \$'000	
Revenue	4	35,209	31,840	11%
Cost of sales		(15,444)	(16,300)	(5%)
Gross profit		19,765	15,540	27%
Other income				
- Interest income		25	314	N.M.
- Others		1,856	1,897	(9%)
		1,881	2,211	(15%)
Other gains and losses				
- Gain from corporate transactions	12	2,940	1,265	N.M.
- Impairment loss on financial assets		(12)	16	N.M.
- Other gain / (losses) – net		6	(42)	N.M.
Expenses				
- Administrative		(14,543)	(15,630)	(7%)
- Finance		(1,089)	(1,059)	3%
- Marketing		(706)	(517)	N.M.
Share of losses from associates and joint ventures		(228)	(12)	N.M.
<b>Profit before income tax</b>		<b>8,014</b>	<b>1,772</b>	N.M.
Income tax expense	7	(760)	(145)	N.M.
<b>Net profit</b>		<b>7,254</b>	<b>1,627</b>	N.M.
<b>Other comprehensive loss:</b>				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences arising from consolidation – loss		(726)	(1,724)	58%
<b>Total comprehensive income / (loss)</b>		<b>6,528</b>	<b>(97)</b>	N.M.
<b>Profit attributable to:</b>				
Equity holders of the Company		7,146	1,491	N.M.
Non-controlling interests		108	136	(21%)
		7,254	1,627	N.M.
<b>Total comprehensive income / (loss) attributable to:</b>				
Equity holders of the Company		6,420	(233)	N.M.
Non-controlling interests		108	136	(21%)
		6,528	(97)	N.M.
<b>Earnings per share for net profit attributable to equity holders of the Company</b>				
- Basic earnings per share (cents per share)		2.94	0.62	
- Diluted earnings per share (cents per share)		2.94	0.62	

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

As at 30 June 2023

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#### **COMMENTARY ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*6 months ended 30 June 2023 ("1H 2023") and 30 June 2022 ("1H 2022")*

- (1) For the 6 months ended 30 June 2023, the Group recorded a profit before tax of \$8.0 million in 1H 2023, an increase of approximately \$6.2 million from \$1.8 million in 1H 2022 and a profit after tax of \$7.3 million in 1H 2023, an increase of approximately \$5.7 million from \$1.6 million in 1H 2022.
- (2) Revenue increased by approximately \$3.4 million or 11%, from \$31.8 million in 1H 2022 to \$35.2 million in 1H 2023. The increase was mainly attributable to:
  - (a) an increase of \$7.0 million in franchise income attributable to sale of master franchise licenses in the United States and Western Australia;
  - (b) an increase of \$1.5 million in school fees mainly attributable to organic growth in Australia;
  - (c) a decrease of \$6.1 million in school fees mainly attributable to divestment of subsidiary corporations in financial year ended 2022;
  - (d) an increase of \$1.1 million royalty revenue mainly attributable to royalty contribution from divested subsidiary corporations and increase in preschool fees; and
- (3) Cost of sales decreased by approximately \$0.9 million or 5% from \$16.3 million in 1H 2022 to \$15.4 million in 1H 2023. The decrease was mainly attributable to lower manpower expenses in 1H 2023 due to divestment of subsidiary corporations in financial year ended 2022.
- (4) Other income decreased by approximately \$0.3 million or 15% from \$2.2 million in 1H 2022 to \$1.8 million in 1H 2023. The decrease was mainly attributable to lower interest income earned from the Group's operations in 1H 2023.
- (5) Gain from corporate transactions increased by approximately \$1.7 million from \$1.3 million in 1H 2022 to \$3.0 million in 1H 2023. The increase was mainly due to the divestment of subsidiary corporations in 1H 2023 on a turnkey basis to franchisees to continue to operate such preschool centres under the MindChamps PreSchool brand name to achieve the Company's desired mix of company-owned and franchised centres via divestment of brownfield centres.
- (6) Administrative expenses decreased by approximately \$1.1 million or 7% from \$15.6 million in 1H 2022 to \$14.5 million in 1H 2023. The decrease was mainly attributable to lower manpower expenses in 1H 2023 due to divestment of subsidiary corporations in financial year ended 2022 and offset by increase in manpower cost from Australia's operation.
- (7) Finance expenses remained at \$1.1 million in 1H 2023 as in 1H 2022.
- (8) Currency translation arising from consolidation decreased by approximately \$1.0 million, from a loss of \$1.7 million in 1H 2022 to a loss of \$0.7 million in 1H 2023. 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 Balance Sheet – Group**

*As at 30 June 2023*

	Note	<b>30 Jun 2023</b>	31 Dec 2022
		<b>\$'000</b>	\$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		4,243	6,880
Trade and other receivables		30,499	23,335
Inventories		604	613
Lease receivables		560	837
		<u>35,906</u>	<u>31,665</u>
<b>Non-current assets</b>			
Property, plant and equipment		20,088	24,980
Intangible assets	9	76,340	78,346
Lease receivables		869	964
Trade and other receivables		3,789	1,218
Deferred income tax assets		1,895	2,034
Investments in associates		110	122
Investments in joint ventures		4,022	1,035
		<u>107,113</u>	<u>108,699</u>
<b>Total assets</b>		<u><u>143,019</u></u>	<u><u>140,364</u></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		29,198	19,907
Contract liabilities		2,252	2,111
Borrowings	10	5,581	12,840
Lease liabilities		5,782	6,859
Current income tax liabilities		662	57
		<u>43,475</u>	<u>41,774</u>
<b>Non-current liabilities</b>			
Borrowings	10	10,753	12,740
Lease liabilities		12,766	16,583
Deferred income tax liabilities		29	30
Provision for reinstatement costs		937	935
		<u>24,485</u>	<u>30,288</u>
<b>Total liabilities</b>		<u>67,960</u>	72,062
<b>NET ASSETS</b>		<u><u>75,059</u></u>	<u><u>68,302</u></u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	11	49,530	49,301
Currency translation reserve		(7,501)	(6,775)
Retained profits		33,432	26,286
		<u>75,461</u>	68,812
<b>Non-controlling interests</b>		<u>(402)</u>	(510)
<b>TOTAL EQUITY</b>		<u><u>75,059</u></u>	<u><u>68,302</u></u>

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

**COMMENTARY ON THE CONSOLIDATED BALANCE SHEET**

**(1) Current assets**

The Group's current assets increased by approximately \$4.2 million or 13%, from \$31.7 million as at 31 December 2022 to \$35.9 million as at 30 June 2023. The increase of the Group's current assets was mainly attributable to increase in trade and other receivables arising from sale of master franchise.

**(2) Non-current assets**

The Group's non-current assets decreased by approximately \$1.6 million or 1%, from \$108.7 million as at 31 December 2022 to \$107.1 million as at 30 June 2023. The decrease of the Group's non-current assets was mainly attributable to decrease in intangible assets due to divestment of subsidiary corporations and offset by increase in investment in joint ventures in the United States and Western Australia.

**(3) Current liabilities**

The Group's current liabilities increased by approximately \$1.7 million or 4%, from \$41.8 million as at 31 December 2022 to \$43.5 million as at 30 June 2023. The increase of the Group's current liabilities was mainly attributable to increase in trade and other payables arising from deferred settlements payable in Q3 2023 in relation to divestment of subsidiary corporations and offset by decrease in current borrowings.

**(4) Non-current liabilities**

The Group's non-current liabilities decreased by approximately \$5.8 million or 19%, from \$30.3 million as at 31 December 2022 to \$24.5 million as at 30 June 2023. The decrease of the Group's non-current liabilities was mainly attributable to:

- (a) a decrease in non-current borrowings of approximately \$1.9 million which resulted from the repayments of existing borrowings; and
- (b) a decrease in non-current lease liabilities of approximately \$3.8 million mainly attributable to divestment of subsidiary corporations and lease payments made by the Group.

**MindChamps PreSchool Limited and its Subsidiary Corporations**

**Condensed Interim Balance Sheet – Company**

*As at 30 June 2023*

	<b>30 Jun 2023</b>	31 Dec 2022
	<b>\$'000</b>	\$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	3,029	2,976
Trade and other receivables	18,531	13,194
Inventories	4	4
Lease receivables	560	837
	<u>22,124</u>	<u>17,011</u>
<b>Non-current assets</b>		
Property, plant and equipment	1,158	1,471
Trade and other receivables	3,789	1,674
Intangible assets	1,533	964
Lease receivables	869	1,218
Deferred income tax assets	113	113
Investments in subsidiary corporations	81,678	81,677
Investments in associates	122	122
	<u>89,262</u>	<u>87,239</u>
<b>Total assets</b>	<u><b>111,386</b></u>	<u>104,250</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	40,456	29,325
Borrowings	4,081	10,585
Lease liabilities	1,226	1,206
Current income tax liabilities	313	-
	<u>46,076</u>	<u>41,116</u>
<b>Non-current liabilities</b>		
Borrowings	9,463	8,539
Lease liabilities	737	1,297
Provision for reinstatement costs	42	40
	<u>10,242</u>	<u>9,876</u>
<b>Total liabilities</b>	<u><b>56,318</b></u>	<u>50,992</u>
<b>NET ASSETS</b>	<u><b>55,068</b></u>	<u>53,258</u>
<b>EQUITY</b>		
<b>Capital and reserves attributable to equity holders of the Company</b>		
Share capital	49,530	49,301
Retained profits	5,538	3,957
<b>TOTAL EQUITY</b>	<u><b>55,068</b></u>	<u>53,258</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**

*As at 30 June 2023*

	Attributable to equity holders of the Company			Sub-total	Non-controlling interests	Total
	Share capital	Currency translation reserve	Retained profits			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 June 2023</b>						
<b>As at 1 January 2023</b>	49,301	(6,775)	26,286	68,812	(510)	68,302
MindChamps Performance Share Plan (Note 11)	229	-	-	229	-	229
Total comprehensive profit for the financial period	-	(726)	7,146	6,420	108	6,528
<b>As at 30 June 2023</b>	<b>49,530</b>	<b>(7,501)</b>	<b>33,432</b>	<b>75,461</b>	<b>(402)</b>	<b>75,059</b>
<b>30 June 2022</b>						
<b>As at 1 January 2022</b>	49,301	(1,231)	23,246	71,316	398	71,714
Total comprehensive profit for the financial period	-	(1,724)	1,491	(233)	136	(97)
Dividend paid to non-controlling interests	-	-	-	-	(604)	(604)
Divestment of subsidiary corporations	-	-	-	-	(210)	(210)
<b>As at 30 June 2022</b>	<b>49,301</b>	<b>(2,955)</b>	<b>24,737</b>	<b>71,083</b>	<b>(280)</b>	<b>70,803</b>

*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 six months ended 30 June 2023*

	<u>Attributable to equity holders of the Company</u>		
	<u>Share capital</u>	<u>Retained profits</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>30 June 2023</b>			
<b>As at 1 January 2023</b>	49,301	3,957	53,258
MindChamps Performance Share Plan (Note 11)	229	-	229
Total comprehensive profit for the financial period	-	1,581	1,581
<b>As at 30 June 2023</b>	<b>49,530</b>	<b>5,538</b>	<b>55,068</b>
<b>30 June 2022</b>			
<b>As at 1 January 2022</b>	49,301	10,058	59,359
Total comprehensive loss for the financial period	-	(2,586)	(2,586)
<b>As at 30 June 2022</b>	<b>49,301</b>	<b>7,472</b>	<b>56,773</b>

*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 six months ended 30 June 2023*

	<b>6 months ended</b>	
	<b>30 Jun 2023</b>	<b>30 Jun 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash flows from operating activities		
Net profit	<b>7,254</b>	1,627
Adjustments for:		
- Amortisation of intangible assets	<b>638</b>	706
- Depreciation of property, plant and equipment	<b>3,409</b>	4,874
- Gain from corporate transactions	<b>(2,940)</b>	(1,265)
- Interest expense	<b>1,089</b>	1,059
- Impairment of financial assets	<b>12</b>	(16)
- Interest income	<b>(25)</b>	(314)
- income tax expense	<b>760</b>	145
- Share of losses of an associate and joint ventures	<b>228</b>	12
- Unrealised currency translation gains	<b>-</b>	(283)
	<b>10,425</b>	6,545
Change in working capital, net of effects from acquisitions of businesses, subsidiary corporations, and divestment of subsidiary corporations:		
- Contract liabilities	<b>141</b>	(54)
- Inventories	<b>9</b>	20
- Trade and other receivables	<b>(10,597)</b>	(10,827)
- Trade and other payables	<b>6,209</b>	8,038
Cash generated from operations	<b>6,133</b>	3,722
Income tax paid	<b>-</b>	(194)
<b>Net cash generated from operating activities</b>	<b>6,133</b>	3,528
<b>Cash flows from investing activities</b>		
Additions to intangible assets	<b>(408)</b>	(469)
Additions to property, plant and equipment	<b>(349)</b>	(825)
Divestment of subsidiary corporations	<b>5,106</b>	1,336
Interest received	<b>25</b>	314
Sublease income received	<b>-</b>	140
<b>Net cash generated from investing activities</b>	<b>4,374</b>	496

*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 six months ended 30 June 2023*

	<b>6 months ended</b>	
	<b>30 Jun 2023</b>	30 Jun 2022
	<b>\$'000</b>	\$'000
<b>Cash flows from financing activities</b>		
Interest paid for loans and leases	(1,019)	(959)
Repayment of term loans	(9,247)	(4,706)
Repayment of principal amount of lease liabilities	(2,848)	(4,213)
Transfer to reserve account	-	(2,097)
<b>Net cash used in financing activities</b>	<b>(13,114)</b>	<b>(11,975)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,607)</b>	<b>(7,951)</b>
<b>Cash and cash equivalents</b>		
Beginning of the financial period	6,880	10,986
Effects of currency translation on cash and cash equivalents	(30)	(52)
<b>End of the financial period</b>	<b>4,243</b>	<b>2,983</b>
	<b>30 Jun 2023</b>	30 Jun 2022
	<b>\$'000</b>	\$'000
Cash and cash equivalents in the balance sheet	3,595	10,190
Bank balances in the reserve account	2,648	(5,207)
Bank overdraft	(2,000)	(2,000)
<b>Cash and cash equivalents in the consolidated statement of cash flows</b>	<b>4,243</b>	<b>2,983</b>

*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 six months ended 30 June 2023*

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**COMMENTARY ON THE CONSOLIDATED STATEMENT OF CASH FLOWS**

*6 months ended 30 June 2023 ("1H 2023")*

The Group's cash and cash equivalents in the consolidated statement of cash flows decreased by \$2.6 million, from \$6.9 million as at 31 December 2022 to \$4.2 million as at 30 June 2023.

Major cash inflows in 1H 2023 were:

- (a) net cash provided by operating activities of approximately \$6.1 million; and
- (b) net cash inflow from divestment of subsidiary corporations of \$5.1 million.

Major cash outflows in 1H 2023 were:

- (a) repayments of principal element of borrowings of approximately \$9.2 million;
- (b) repayments of principal element of lease payments in relation to the leasing of preschool centres and corporate offices of approximately \$2.8 million;
- (c) repayments of interest in relation to existing borrowings and lease payments of \$1.0 million; and
- (d) payments in relation to addition of property, plant and equipment of \$0.3 million.

**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 ended 30 June 2023 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) Childcare enrolment services.

**2 Basis of preparation**

The condensed interim financial statements for the six months ended 30 June 2023 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 2022.

The accounting policies and method of computation adopted are consistent with the most recently audited financial statements for the year ended 31 December 2022 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 30 June 2023, the Group and the Company were in net current liabilities position of \$7.6 million and \$24.0 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:

- (a) Excluding:
  - (i) the Group’s net current lease liabilities of \$5.8 million and the Company’s net current lease liabilities of \$1.2 million (the rent commitment for the next 12 months post statement of financial position date which will be funded by the business performance or earned for the same period);
  - (ii) the Group’s current contract liabilities of \$2.3 million (the deferred revenue for the next 12 months post statement of financial position date which will be recognised by the business performance or earned for the same period);

**Other Information Required by Listing Rule Appendix 7.2**

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**2 Basis of preparation (Continued)**

*Going concern assumption (continued)*

(a) Excluding: (continued)

(iii) the Company's net intra-group payables of \$17.7 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); and

(iv) the Group's current non-financial assets (inventories and prepayments) of \$1.5 million and the Company's current non-financial assets (inventories and prepayments) of \$0.2 million,

the Group and the Company would have recorded an adjusted net current liabilities of \$1.0 million (December 2022: \$3.4 million) and \$5.3 million (December 2022: \$3.6 million) respectively.

(b) 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 2022 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 following notes:

Note 9 – impairment test of goodwill: key assumptions underlying recoverable amounts.

**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 Chief Brand Officer & Global Group General Manager.

## MindChamps PreSchool Limited and its Subsidiary Corporations

### Other Information Required by Listing Rule Appendix 7.2

#### 4 Segment and revenue information (Continued)

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.

(ii) *Others*

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

#### 4.1 Reportable segments

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

	← Singapore →				← Australia →			Group Total S'000
	Education S'000	Franchise S'000	Corporate S'000	Others S'000	Education S'000	Franchise S'000	Others S'000	
<b>6 months ended 30 Jun 2023</b>								
<b>Sales</b>								
Total segment sales	3,502	9,692	-	-	18,407	2,952	1,291	35,844
Inter-segment sales	-	(344)	-	-	(291)	-	-	(635)
Sales to external parties	3,502	9,348	-	-	18,116	2,952	1,291	35,209
<b>EBITDA</b>	<b>38</b>	<b>9,879</b>	<b>(1,321)</b>	<b>137</b>	<b>3,714</b>	<b>519</b>	<b>159</b>	<b>13,125</b>
<b>As at 30 Jun 2023</b>								
<b>Segment assets</b>	<b>5,552</b>	<b>1,309</b>	<b>37,071</b>	<b>1,204</b>	<b>65,431</b>	<b>25,157</b>	<b>7,295</b>	<b>143,019</b>
<b>Segment liabilities</b>	<b>(5,633)</b>	<b>(14,669)</b>	<b>(23,669)</b>	<b>(35)</b>	<b>(16,661)</b>	<b>(5,312)</b>	<b>(1,981)</b>	<b>(67,960)</b>
<b>6 months ended 30 Jun 2022</b>								
<b>Sales</b>								
Total segment sales	9,728	4,546	-	-	17,670	1,108	-	32,989
Inter-segment sales	-	(840)	-	-	(309)	-	-	(1,149)
Sales to external parties	9,728	3,706	-	-	17,298	1,108	-	31,840
<b>EBITDA</b>	<b>4,602</b>	<b>1,999</b>	<b>(1,489)</b>	<b>(59)</b>	<b>4,035</b>	<b>(991)</b>	<b>-</b>	<b>8,097</b>
<b>As at 30 Jun 2022</b>								
<b>Segment assets</b>	<b>20,008</b>	<b>2,448</b>	<b>25,895</b>	<b>1,373</b>	<b>65,139</b>	<b>99,710</b>	<b>4,236</b>	<b>153,670</b>
<b>Segment liabilities</b>	<b>(10,395)</b>	<b>(9,874)</b>	<b>(38,104)</b>	<b>(82)</b>	<b>(16,661)</b>	<b>(22,953)</b>	<b>(1,459)</b>	<b>(82,867)</b>

Other Information Required by Listing Rule Appendix 7.2

4 Segment and revenue information (Continued)

4.1 Reportable segments (Continued)

(a) Reconciliation

Segment profit

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

	6 months ended	
	30 Jun 2023	30 Jun 2022
	\$'000	\$'000
EBITDA for reportable segments	13,125	8,097
Depreciation	(3,409)	(4,874)
Amortisation	(638)	(706)
Finance expense	(1,089)	(1,059)
Interest income	25	314
<b>Profit before income tax</b>	<b>8,014</b>	<b>1,772</b>

(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	
	30 Jun 2023	30 Jun 2022
	\$'000	\$'000
<u>Revenue</u>		
Education	27,222	27,026
Franchise	7,987	4,814
	<b>35,209</b>	<b>31,840</b>

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



Other Information Required by Listing Rule Appendix 7.2

4 Segment and revenue information (Continued)

4.2 Disaggregation of Revenue (Continued)

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 \$'000	Group over time \$'000	Total \$'000
<b>6 months ended 30 Jun 2023</b>			
<b>Singapore</b>			
- School fees	-	3,460	3,460
- Royalty fees	-	4,221	4,221
- Franchise income	4,855	-	4,855
- Sale of merchandise	283	-	283
- Others	30	-	30
Sales to external parties	<u>5,168</u>	<u>7,681</u>	<u>12,849</u>
<b>Australia</b>			
- School fees	-	18,087	18,087
- Royalty fees	-	199	199
- Franchise income	3,296	-	3,296
- Sale of merchandise	13	-	13
- Management service income	26	-	26
- Commission income	709	-	709
- Others	30	-	30
Sales to external parties	<u>4,074</u>	<u>18,286</u>	<u>22,360</u>
Total	<u>9,242</u>	<u>25,967</u>	<u>35,209</u>
<b>6 months ended 30 Jun 2022</b>			
<b>Singapore</b>			
- School fees	-	9,560	9,560
- Royalty fees	-	3,162	3,162
- Franchise income	313	-	313
- Sale of merchandise	308	-	308
- Others	91	-	91
Sales to external parties	<u>712</u>	<u>12,722</u>	<u>13,434</u>
<b>Australia</b>			
- School fees	-	16,513	16,513
- Royalty fees	-	152	152
- Franchise income	933	-	933
- Sale of merchandise	-*	-	-
- Management service income	23	-	23
- Commission income	742	-	742
- Others	43	-	43
Sales to external parties	<u>1,741</u>	<u>16,665</u>	<u>18,406</u>
Total	<u>2,453</u>	<u>29,387</u>	<u>31,840</u>

\*Less than \$1,000

Other Information Required by Listing Rule Appendix 7.2

5 Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2023 and 31 December 2022:

	Group		Company	
	30 Jun 2023 \$'000	31 Dec 2022 \$'000	30 Jun 2023 \$'000	31 Dec 2022 \$'000
Financial assets, at amortised cost	39,119	34,169	26,558	18,888
Financial liabilities, at amortised cost	64,079	69,325	55,978	51,072

6 Profit before income tax

6.1 Significant items

	6 months ended	
	30 Jun 2023 \$'000	30 Jun 2022 \$'000
<b>Income</b>		
Service income	1,262	781
Government grants	165	885
<b>Expenses</b>		
Amortisation of intangible assets	638	706
Depreciation of property, plant and equipment	3,409	4,874
Employee compensation	21,001	21,724
Interest expenses:		
- Lease liabilities	387	456
- Term loans	632	587
- Miscellaneous	70	15

6.2 Related party transactions

	Group and Company 6 months ended	
	30 Jun 2023 \$'000	30 Jun 2022 \$'000
<b>Sale to Joint Ventures</b>		
- Franchise income	7,987	-

The Group had no material related party transactions apart from the above and those already disclosed in the audited 31 December 2022 financial statements.

Other Information Required by Listing Rule Appendix 7.2

**7 Income tax expense**

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:

	<b>Group and Company 6 months ended</b>	
	<b>30 Jun 2023 \$'000</b>	<b>30 Jun 2022 \$'000</b>
Current income tax expenses	629	96
Deferred income tax expense relating to origination and reversal of temporary differences	131	49
	<b>760</b>	<b>145</b>

**8 Net asset value**

	<b>Group</b>		<b>Company</b>	
	<b>30 Jun 2023</b>	<b>31 Dec 2022</b>	<b>30 Jun 2023</b>	<b>31 Dec 2022</b>
Net asset value per ordinary share (cents)	<b>31</b>	<b>30</b>	<b>23</b>	<b>25</b>

**9 Intangible assets**

	<b>Group</b>		<b>Company</b>	
	<b>30 Jun 2023 \$'000</b>	<b>31 Dec 2022 \$'000</b>	<b>30 Jun 2023 \$'000</b>	<b>31 Dec 2022 \$'000</b>
<u>Composition</u>				
Goodwill arising on consolidation (Note(a))	73,310	75,086	-	-
Courseware Development cost	2,857	3,032	1,362	1,449
Computer software licences	150	195	148	192
Copyrights	23	33	23	33
	<b>76,340</b>	<b>78,346</b>	<b>1,533</b>	<b>1,674</b>

## MindChamps PreSchool Limited and its Subsidiary Corporations

### Other Information Required by Listing Rule Appendix 7.2

#### 9 Intangible assets (Continued)

##### (a) Goodwill arising on consolidation

	Group	
	30 Jun 2023 \$'000	30 Jun 2022 \$'000
<u>Cost</u>		
Beginning of financial period / year	75,718	89,383
Acquisition of a subsidiary corporation (Note 13)	2,183	-
Divestment of subsidiary corporations (Note 14)	(3,119)	(8,260)
Currency translation differences	(847)	(5,405)
End of financial period / year	<u>73,935</u>	<u>75,718</u>
<u>Accumulated impairment</u>		
Beginning of financial period / year	632	86
Impairment for the period / year	-	574
Currency translation differences	(7)	(28)
End of financial period / year	<u>(7)</u>	<u>546</u>
End of financial period / year	<u>625</u>	<u>632</u>
<b>Net book value</b>	<b><u>73,310</u></b>	<b><u>75,086</u></b>

#### Provisional goodwill arising from the acquisition of a subsidiary corporation

Goodwill arising from subsidiary corporation, MindChamps PreSchool @ Concorde Hotel (Orchard) Pte. Ltd. ("CHO") acquired on 15 April 2023 is provisionally determined as the Group is still in the midst of assessing the fair value of identified assets acquired, liabilities and contingent liabilities assumed. The fair value exercise is expected to be finalised within 12 months from the date of acquisition.

On 15 April 2023, the Group completed the transfer of CHO's preschool business unit to Marina Square ("MSQ") preschool centre. The initial provisional goodwill arising from CHO has been allocated to MSQ as the relevant cash-generating unit (CGU).

The Group has performed impairment assessment as at 30 June 2023 based on the provisional goodwill arising from this acquisition. No impairment indicators were identified as at 30 June 2023 based on the allocated CGU's business performance

#### Impairment tests for goodwill

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. No impairment indicators were identified as at 30 June 2023 based on the CGUs' business performance. 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 2022.

Other Information Required by Listing Rule Appendix 7.2

10 Borrowings

	Group			
	As at 30 Jun 2023		As at 31 Dec 2022	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand	5,581	-	12,840	-
Amount repayable after One year	10,753	-	12,740	-
	<b>16,334</b>	<b>-</b>	<b>25,580</b>	<b>-</b>

**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

11 Share capital

	Group and Company			
	6 months ended 30 Jun 2023		6 months ended 31 Dec 2022	
	No. of ordinary shares issued ( <b>'000</b> )	Amount \$'000	No. of ordinary shares issued ( <b>'000</b> )	Amount \$'000
Beginning of financial period	241,600	49,301	241,600	49,301
Addition	1,271	229	-	-
End of financial period	<b>242,871</b>	<b>49,530</b>	<b>241,600</b>	<b>49,301</b>

On 28 February 2023, the Group has granted and awarded ordinary shares of the Group to eligible employees of (a) the Group and (b) MindChamps Holdings Pte. Ltd. and its subsidiaries pursuant to the MindChamps Performance Share Plan. The aggregate number of shares granted is 1,270,963 shares at the price of \$0.18, the closing price of the Company as at 28 February 2023.

**Other Information Required by Listing Rule Appendix 7.2**

**11 Share capital (Continued)**

The new shares issued rank pari passu in all respects with the existing shares of the Company. With the allotment and issuance of new shares, the total number of issued shares of the Company is increased from 241,600,000 shares to 242,870,963 shares.

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 30 June 2023 and 31 December 2022.

**12 Investment in joint ventures**

Set out below are the new joint ventures of the Group and the Company as at 30 June 2023 and 31 December 2022:-

<u>Name of entity</u>	<u>Place of business / country incorporation</u>	<u>% of ownership Interest 30 June 2023</u>	<u>% of ownership Interest 31 December 2022</u>
<b><u>Held by the Group</u></b>			
MindChamps International PreSchool Franchising Inc. <sup>(a)</sup>	USA	50	100
WAMF Pty Ltd <sup>(b)</sup>	Australia	50	-

(a) On 31 March 2023, the Group entered a joint venture arrangement with US MF 25 Pte Ltd ("US MF 25") in its wholly owned subsidiary corporation, MindChamps International PreSchool Franchising Inc. ("MCIPF"). The total issued capital of MCIPF is \$3,500,000, of which, the Group and Company holds 50% and US MF 25 holds 50%. The principal activity of MCIPF is franchising of childcare services for preschool children.

(b) On 15 June 2023, the Group, together with the Green Monstera Pty Ltd ATF Peanut N Butter Uni Trust ("Green Monstera"), a related entity of Australian franchisee in Australia have incorporated WAMF Pty Ltd ("WAMF") in Australia. The total issued capital of WAMF is \$4,000,000, of which, the Group holds 50% and Green Monstera holds 50%. The principal activity of WAMF is franchising of childcare services for preschool children.

(c) There are no contingent liabilities relating to the Group and Company's interest in the above joint ventures.

**13 Acquisition of a subsidiary corporation**

On 15 April 2023, the Group fully acquired the remaining 50% equity interest in its joint venture, MindChamps PreSchool @ Concorde Hotel (Orchard) Pte. Ltd. ("CHO") at a consideration of \$1. The principal activity of CHO is provision of childcare, education and learning related services for preschool children.

Other Information Required by Listing Rule Appendix 7.2

13 Acquisition of a subsidiary corporation (Continued)

	<u>\$'000</u>
(a) Purchase consideration	
Cash paid	-
Fair value of interest held	965
<b>Fair value of consideration for all interest acquired</b>	<b>965</b>
(b) Effect on cash flows of the Group	
Cash paid	-
Less: cash and cash equivalents in subsidiary acquired	(4)
<b>Cash inflow on acquisition</b>	<b>(4)</b>
	<b>At provisional Fair Value \$'000</b>
(c) Identifiable assets acquired and liabilities assumed	
Trade and other receivables	697
Plant and equipment	58
Inventories	12
Total assets	<b>767</b>
Trade and other payables	(1,985)
Total liabilities	<b>(1,985)</b>
<b>Total identifiable net liabilities</b>	<b>(1,218)</b>
Add: Goodwill (Note 9)	2,183
Fair value of consideration for all interests acquired	<b>965</b>
(d) Acquisition-related cost	
No acquisition related cost was incurred as due diligence was conducted internally.	
(e) Acquired trade and other receivables	
The fair value of trade and other receivables was \$697,000. The gross contractual amount for trade and other receivables due was \$697,000 and at the acquisition date, the entire contractual amount was expected to be collectible.	
(f) Acquired plant and equipment	
The fair value of plant and equipment was \$58,000. The fair value was determined based on the depreciated replacement cost and reflects adjustment for physical deterioration as well as functional and economic obsolescence.	
(g) Acquired inventories	
The fair value of inventories was \$12,000. The fair value was determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.	
(h) Acquired trade and other payables	
The fair value of trade and other receivables was \$1,985,000. The gross contractual amount for trade and other payables due was \$1,985,000 and at the acquisition date, the entire contractual amount was expected to be settled.	

Other Information Required by Listing Rule Appendix 7.2

13 Acquisition of subsidiary corporation (Continued)

(i) Goodwill

The goodwill recognised for CHO of \$2,183,073 arising from the acquisition was attributable to the synergies of the business combination by leveraging on CHO's business to maximise occupancy rates in MindChamps Preschool businesses.

(j) Revenue and profit contribution

There would be no significant impact to the consolidated revenue and consolidated net profit to the Group from 15 April 2023 to 30 June 2023.

Had CHO been acquired from 1 January 2023, there would be no significant impact to the consolidated revenue and consolidated net profit for the financial period ended 30 June 2023.

14 Divestment of subsidiary corporations

The Group divested its equity interest in its wholly owned subsidiary corporation, MindChamps PreSchool @ Buangkok Private Limited ("BGK") on 31 May 2023 and partially divested its 50% equity interest in its wholly owned subsidiary corporations, MindChamps International PreSchool Franchising Inc. ("MCIPF") on 31 March 2023.

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

	BGK \$'000	MCIPF \$'000	Total \$'000
Carrying amounts of assets and liabilities as at the date of divestment:			
Cash and cash equivalents	959	2	961
Property, plant and equipments	1,832	-	1,832
Trade and other receivables	202	361	563
Intangible assets (Note 9)	3,119	-	3,119
Inventories	9	-	9
Deferred tax assets	5	6	11
<b>Total assets</b>	<b>6,126</b>	<b>369</b>	<b>6,495</b>
Trade and other payables	777	322	1,099
Contract liabilities	324	356	680
Deferred tax liabilities	1	-	1
Lease liabilities	1,889	-	1,889
<b>Total liabilities</b>	<b>2,991</b>	<b>678</b>	<b>3,669</b>
<b>Net assets/(liabilities) divested of</b>	<b>3,135</b>	<b>(309)</b>	<b>2,826</b>
Cash inflows arising from divestment:			
Net assets/liabilities divested of (as above)	3,135	(309)	2,826
Gain on divestments	2,897	376	3,273
Proceeds on divestment	6,032	67	6,099
Less: Cash and cash equivalents in subsidiary corporations divested of	(959)	(2)	(961)
Less: Deferred considerations*	(32)	-	(32)
<b>Net cash inflow from divestments</b>	<b>5,041</b>	<b>65</b>	<b>5,106</b>

\* The deferred considerations are expected to receive in full in 3rd quarter of FY2023.



**15 Contingent liabilities**

There are no material contingent liabilities apart from those already disclosed in the audited 31 December 2022 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 30 June 2023 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 six-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-month period ended 30 June 2023 on page 2 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) 2023/2024's Outlook**

The Group's business have seen a healthy recovery, capitalising on the reopening of economies and return of working parents back to the workplace.

However, the Group is mindful of the uncertain macroeconomic environment with elevated inflation in operating costs, workforce shortage and high interest rates. 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.

Building on the good momentum established in the past year, the Group will continue executing to its strategy of transiting its business model 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 and Western Australia as part of the Group's global expansion strategy to fulfil our commitment to bring premium education to the world.

**(b) Joint venture arrangement, MindChamps International PreSchool Franchising Inc.**

On 31 March 2023, the Group and Company entered a joint venture arrangement with US MF 25 Pte Ltd ("US MF 25") in its wholly owned subsidiary corporation, MindChamps International PreSchool Franchising Inc. ("MCIPF"). The total issued capital of MCIPF is \$3,500,000, of which, the Group and Company holds 50% and US MF 25 holds 50%.

Concurrently, the Company has granted MCIPF a master franchise comprising of 50 MindChamps International PreSchool licences in United States amounting to \$4.6 million.

**OTHER INFORMATION** (Continued)

- 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.** (Continued)

**(c) Joint venture arrangement, WAMF Pty Ltd**

On 15 June 2023, the Group, together with the Green Monstera Pty Ltd ATF Peanut N Butter Uni Trust ("Green Monstera"), a related entity of Australian franchisee in Australia have incorporated WAMF Pty Ltd ("WAMF") in Australia. The total issued capital of WAMF is \$4,000,000, of which, the Group holds 50% and Green Monstera holds 50%. The principal activity of WAMF is franchising of childcare services for preschool children.

Concurrently, the Company has granted WAMF a master franchise comprising certain MindChamps International PreSchool licences in Western Australia amounting to \$3.4 million.

- 5 If a decision regarding dividend has been made:-**

**(d) Current Financial Period Reported on**

No dividends recommended in the current reported financial period.

**(e) Corresponding Period of the Immediate Preceding Financial Year**

No dividends recommended in the immediate preceding reported financial year.

**(f) The date the dividend is payable**

Not applicable.

**(g) 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).

**OTHER INFORMATION** (Continued)

**9 Review of performance of the Group – turnover and earnings**

Please refer to the interim financial statements of the Group for the six-month period ended 30 June 2023 page 2 -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**  
**10 August 2023**