



**MINDCHAMPS PRESCHOOL LIMITED**  
 (Company Registration Number: 200814577H)  
 (Incorporated in Singapore)

DBS Bank Ltd. was the sole issue manager, bookrunner and underwriter (the "**Sole Issue Manager, Bookrunner and Underwriter**") for the initial public offering of shares in, and listing of, the Company on the Mainboard of the SGX-ST in November 2017. The Sole Issue Manager, Bookrunner and Underwriter assumes no responsibility for the contents of this announcement.

**UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019**

**1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year**

**Consolidated Statement of Comprehensive Income for the Second Quarter and Half Year Ended 30 June 2019**

	Second Quarter			Half Year		
	30.06.2019 S\$'000	30.06.2018 S\$'000	+/- %	30.06.2019 S\$'000	30.06.2018 S\$'000	+/- %
Revenue	12,516	7,649	64%	22,473	13,657	65%
Cost of sales	(5,950)	(2,763)	N.M.	(10,715)	(5,347)	N.M.
<b>Gross profit</b>	<b>6,566</b>	<b>4,886</b>	<b>34%</b>	<b>11,758</b>	<b>8,310</b>	<b>41%</b>
Other income						
- Interest income	35	129	(73%)	105	214	(51%)
- Others	650	642	1%	1,489	1,382	8%
Expenses						
- Administrative	(5,622)	(3,928)	43%	(10,690)	(7,375)	45%
- Marketing	(255)	(164)	55%	(424)	(310)	37%
- Impairment loss on financial assets	(24)	(30)	(20%)	(28)	(30)	(7%)
<b>Operating profit</b>	<b>1,350</b>	<b>1,535</b>	<b>(12%)</b>	<b>2,210</b>	<b>2,191</b>	<b>1%</b>
Other (loss)/gain – net	(28)	2	N.M.	(37)	(63)	(41%)
Non-operating expenses						
- Finance	(571)	(79)	N.M.	(918)	(180)	N.M.
- Acquisitions	(304)	(95)	N.M.	(304)	(95)	N.M.
Share of loss of an associated company and a joint venture	-	-	-	-	-	-
<b>Profit before income tax</b>	<b>447</b>	<b>1,363</b>	<b>(67%)</b>	<b>951</b>	<b>1,853</b>	<b>(49%)</b>
Income tax expense	(128)	(124)	3%	(206)	(295)	(30%)
<b>Net profit</b>	<b>319</b>	<b>1,239</b>	<b>(74%)</b>	<b>745</b>	<b>1,558</b>	<b>(52%)</b>

*N.M.: Not meaningful*

**Consolidated Statement of Comprehensive Income for the Second Quarter and Half Year Ended 30 June 2019** (continued)

	Second Quarter			Half Year		
	30.06.2019 S\$'000	30.06.2018 S\$'000	+/ %	30.06.2019 S\$'000	30.06.2018 S\$'000	+/ %
<b>Other comprehensive loss:</b>						
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation – loss	(520)	(31)	N.M.	(624)	(680)	(8%)
<b>Total comprehensive (loss)/income</b>	<b>(201)</b>	<b>1,208</b>	N.M.	<b>121</b>	<b>878</b>	<b>(86%)</b>
<b>Profit/(Loss) attributable to:</b>						
Equity holders of the Company	323	1,260	(74%)	742	1,601	(54%)
Non-controlling interests	(4)	(21)	(81%)	3	(43)	N.M.
	<b>319</b>	<b>1,239</b>	<b>(74%)</b>	<b>745</b>	<b>1,558</b>	<b>(52%)</b>
<b>Total comprehensive (loss)/income attributable to:</b>						
Equity holders of the Company	(197)	1,229	N.M.	118	921	(87%)
Non-controlling interests	(4)	(21)	(81%)	3	(43)	N.M.
	<b>(201)</b>	<b>1,208</b>	N.M.	<b>121</b>	<b>878</b>	<b>(86%)</b>

*N.M.: Not meaningful*

**1(a)(ii) Net profit is arrived at after accounting for:**

	Second Quarter			Half Year		
	30.06.2019 S\$'000	30.06.2018 S\$'000	+/ %	30.06.2019 S\$'000	30.06.2018 S\$'000	+/ %
Amortisation of intangible assets	155	133	17%	387	266	45%
Depreciation of property, plant and equipment	2,006	176	N.M.	3,633	318	N.M.
Allowance for impairment loss on financial assets	24	30	(20%)	28	30	(7%)

*N.M.: Not meaningful*

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

**Balance Sheets**

	Group		Company	
	As at 30.06.2019 S\$'000	As at 31.12.2018 S\$'000	As at 30.06.2019 S\$'000	As at 31.12.2018 S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	12,593	35,437	1,625	23,915
Trade and other receivables	14,302	12,009	51,837	50,870
Inventories	162	138	-	-
	<u>27,057</u>	<u>47,584</u>	<u>53,462</u>	<u>74,785</u>
<b>Non-current assets</b>				
Property, plant and equipment	35,051	1,940	195	217
Intangible assets	84,057	43,953	1,759	1,744
Deferred income tax assets	249	251	37	37
Investments in subsidiary corporations	-	-	41,351	2,473
Investment in an associated corporation	-	-	-	-
Investment in a joint venture	-	-	-	-
	<u>119,357</u>	<u>46,144</u>	<u>43,342</u>	<u>4,471</u>
<b>Total assets</b>	<u>146,414</u>	<u>93,728</u>	<u>96,804</u>	<u>79,256</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	10,012	8,965	4,949	6,516
Borrowings	10,229	5,838	9,726	5,838
Contract liabilities	2,647	2,155	-	-
Lease liabilities	6,805	-	-	-
Current income tax liabilities	758	216	-	-
	<u>30,451</u>	<u>17,174</u>	<u>14,675</u>	<u>12,354</u>
<b>Non-current liabilities</b>				
Borrowings	33,861	15,088	31,363	15,088
Deferred income tax liabilities	16	16	-	-
Lease liabilities	23,497	-	-	-
Provision for reinstatement costs	1,213	764	-	-
	<u>58,587</u>	<u>15,868</u>	<u>31,363</u>	<u>15,088</u>
<b>Total liabilities</b>	<u>89,038</u>	<u>33,042</u>	<u>46,038</u>	<u>27,442</u>
<b>NET ASSETS</b>	<u>57,376</u>	<u>60,686</u>	<u>50,766</u>	<u>51,814</u>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	49,301	49,301	49,301	49,301
Currency translation reserve	(3,164)	(2,540)	-	-
Retained profits	11,479	13,974	1,465	2,513
	<u>57,616</u>	<u>60,735</u>	<u>50,766</u>	<u>51,814</u>
<b>Non-controlling interests</b>	(240)	(49)	-	-
<b>TOTAL EQUITY</b>	<u>57,376</u>	<u>60,686</u>	<u>50,766</u>	<u>51,814</u>

**1(b)(ii) Aggregate amount of the Group's borrowings and debt securities**

	<b>Group</b>			
	<b>As at 30.06.2019</b>		<b>As at 31.12.2018</b>	
	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>
Amount repayable in one year or less, or on demand	10,333	-	6,690	-
Amount repayable after one year	33,832	-	16,300	-
<b>Total</b>	<b>44,165</b>	<b>-</b>	<b>22,990</b>	<b>-</b>

**Details of collaterals**

The Group's borrowings consist of term loans and secured by means of Specific Security Deed 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 @ Punggol Northshore Pte. Limited

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

**Consolidated Statement of Cash Flows**

	Second Quarter		Half Year	
	30.06.2019 S\$'000	30.06.2018 S\$'000	30.06.2019 S\$'000	30.06.2018 S\$'000
<b>Cash flows from operating activities</b>				
Net profit	319	1,239	745	1,558
Adjustments for:				
- Acquisition related expenses	304	95	304	95
- Amortisation of intangible assets	155	133	387	266
- Depreciation of property, plant and equipment	2,006	176	3,633	318
- Interest expense	571	79	918	180
- Interest income	(35)	(129)	(105)	(214)
- Income tax expense	128	124	206	295
- Property, plant and equipment written off	-	5	-	5
- Unrealised currency translation losses	190	7	217	32
	<u>3,638</u>	<u>1,729</u>	<u>6,305</u>	<u>2,535</u>
Change in working capital, net of effects from acquisitions of businesses and subsidiary corporations:				
- Trade and other receivables	(697)	(2,176)	(1,411)	(2,393)
- Inventories	11	(54)	(24)	(62)
- Trade and other payables	1,266	801	(218)	18
- Contract liabilities	722	104	492	369
Cash generated from operations	<u>4,940</u>	<u>404</u>	<u>5,144</u>	<u>467</u>
Income tax refund	-	-	2	-
Income tax paid	-	(351)	(40)	(363)
<b>Net cash provided by operating activities</b>	<b><u>4,940</u></b>	<b><u>53</u></b>	<b><u>5,106</u></b>	<b><u>104</u></b>
<b>Cash flows from investing activities</b>				
Acquisitions of preschool businesses	-	(5,638)	-	(5,638)
Acquisitions of subsidiary corporations, net of cash acquired	(40,415)	-	(40,415)	(1,122)
Acquisitions related expenses paid	(304)	-	(304)	-
Additions to property, plant and equipment	(239)	(61)	(453)	(222)
Additions to intangible assets	(763)	(179)	(1,969)	(371)
Incorporation of an associated corporation	-	-*	-	-*
Incorporation of a joint venture	-	-*	-	-*
Interest received	35	72	105	157
Provision of an acquisition deposit to a third party	-	(512)	-	(2,093)
<b>Net cash used in investing activities</b>	<b><u>(41,686)</u></b>	<b><u>(6,318)</u></b>	<b><u>(43,036)</u></b>	<b><u>(9,289)</u></b>

\* Less than \$1,000

**Consolidated Statement of Cash Flows** (continued)

	<b>Second Quarter</b>		<b>Half Year</b>	
	<b>30.06.2019</b>	<b>30.06.2018</b>	<b>30.06.2019</b>	<b>30.06.2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from financing activities</b>				
Dividend paid to equity holders of the Company	(3,237)	-	(3,237)	-
Dividend paid to non-controlling interests	(170)	(120)	(170)	(120)
Interest paid	(399)	(71)	(605)	(150)
Proceeds from borrowings	26,619	4,431	26,619	4,431
Repayments of finance lease liabilities	(3)	(11)	(14)	(21)
Repayments of borrowings	(2,621)	(569)	(4,095)	(1,137)
Repayments of principal element of lease payments	(1,833)	-	(3,336)	-
<b>Net cash provided by financing activities</b>	<b>18,356</b>	<b>3,660</b>	<b>15,162</b>	<b>3,003</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(18,390)</b>	<b>(2,605)</b>	<b>(22,768)</b>	<b>(6,182)</b>
<b>Cash and cash equivalents</b>				
Beginning of financial period	31,050	35,772	35,437	39,377
Effects of currency translation on cash and cash equivalents	(67)	(2)	(76)	(30)
<b>End of financial period</b>	<b>12,593</b>	<b>33,165</b>	<b>12,593</b>	<b>33,165</b>

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

(A) Group – Consolidated Statement of Changes in Equity for the Second Quarter Ended 30 June 2019

	Attributable to equity holders of the Company				Non-controlling interests S\$'000	Total S\$'000
	Share capital	Currency translation reserve	Retained profits	Total		
	S\$'000	S\$'000	S\$'000	S\$'000		
<b>2019</b>						
<b>Balance as at 1 April 2019</b>	49,301	(2,644)	14,393	61,050	(42)	61,008
Total comprehensive (loss) / income for the financial period	-	(520)	323	(197)	(4)	(201)
Dividend paid	-	-	(3,237)	(3,237)	-	(3,237)
Dividend paid to non-controlling interests	-	-	-	-	(170)	(170)
Acquisition of a subsidiary corporation	-	-	-	-	(24)	(24)
<b>Balance as at 30 June 2019</b>	<b>49,301</b>	<b>(3,164)</b>	<b>11,479</b>	<b>57,616</b>	<b>(240)</b>	<b>57,376</b>
<b>2018</b>						
<b>Balance as at 1 April 2018</b>	49,301	(824)	7,931	56,408	(54)	56,354
Total comprehensive (loss) / income for the financial period	-	(31)	1,260	1,229	(21)	1,208
Dividend paid to non-controlling interests	-	-	-	-	(120)	(120)
<b>Balance as at 30 June 2018</b>	<b>49,301</b>	<b>(855)</b>	<b>9,191</b>	<b>57,637</b>	<b>(195)</b>	<b>57,442</b>

(B) **Group – Consolidated Statement of Changes in Equity for the Half Year Ended 30 June 2019**

	Attributable to equity holders of the Company				Non-controlling interests	Total
	Share capital	Currency translation reserve	Retained profits	Total		
	S\$'000	S\$'000	S\$'000	S\$'000		
<b>2019</b>						
<b>Balance as at 1 January 2019</b>	49,301	(2,540)	13,974	60,735	(49)	60,686
Total comprehensive (loss) / income for the financial period	-	(624)	742	118	3	121
Dividend paid	-	-	(3,237)	(3,237)	-	(3,237)
Dividend paid to non-controlling interests	-	-	-	-	(170)	(170)
Acquisition of a subsidiary corporation	-	-	-	-	(24)	(24)
<b>Balance as at 30 June 2019</b>	<b>49,301</b>	<b>(3,164)</b>	<b>11,479</b>	<b>57,616</b>	<b>(240)</b>	<b>57,376</b>
<b>2018</b>						
<b>Balance as at 31 December 2017</b>	49,301	(175)	7,574	56,700	(32)	56,668
Adoption of SFRS(I) 9	-	-	16	16	-	16
<b>Balance as at 1 January 2018</b>	49,301	(175)	7,590	56,716	(32)	56,684
Total comprehensive (loss) / income for the financial period	-	(680)	1,601	921	(43)	878
Dividend paid to non-controlling interests	-	-	-	-	(120)	(120)
<b>Balance as at 30 June 2018</b>	<b>49,301</b>	<b>(855)</b>	<b>9,191</b>	<b>57,637</b>	<b>(195)</b>	<b>57,442</b>



(C) **Company – Statement of Changes in Equity for the Second Quarter Ended 30 June 2019**

	Attributable to equity holders of the Company		
	Share capital	Retained profits	Total
	S\$'000	S\$'000	S\$'000
<b>2019</b>			
<b>Balance as at 1 April 2019</b>	49,301	1,982	51,283
Total comprehensive income for the financial period	-	2,720	2,720
Dividend paid	-	(3,237)	(3,237)
<b>Balance as at 30 June 2019</b>	<b>49,301</b>	<b>1,465</b>	<b>50,766</b>
<b>2018</b>			
<b>Balance as at 1 April 2018</b>	49,301	562	49,863
Total comprehensive income for the financial period	-	439	439
<b>Balance as at 30 June 2018</b>	<b>49,301</b>	<b>1,001</b>	<b>50,302</b>

(D) **Company – Statement of Changes in Equity for the Half Year Ended 30 June 2019**

	Attributable to equity holders of the Company		
	Share capital	Retained profits	Total
	S\$'000	S\$'000	S\$'000
<b>2019</b>			
<b>Balance as at 1 January 2019</b>	49,301	2,513	51,814
Total comprehensive income for the financial period	-	2,189	2,189
Dividend paid	-	(3,237)	(3,237)
<b>Balance as at 30 June 2019</b>	<b>49,301</b>	<b>1,465</b>	<b>50,766</b>
<b>2018</b>			
<b>Balance as at 1 January 2018</b>	49,301	1,174	50,475
Total comprehensive loss for the financial period	-	(173)	(173)
<b>Balance as at 30 June 2018</b>	<b>49,301</b>	<b>1,001</b>	<b>50,302</b>

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

#### **Share Buy Back**

No shares were bought back by the Company during the current quarter under the Share Purchase Mandate (first approved by the Shareholders on 9 November 2017 and last renewed at the Annual General Meeting on 30 April 2019).

#### **Share Capital**

	<b>Number of shares (‘000)</b>
<i>Issued and paid ordinary shares</i>	
Balance as at 1 April 2019 and as at 30 June 2019	241,600
Balance as at 1 April 2018 and as at 30 June 2018	241,600

The Company did not have any outstanding options, rights, subsidiary holdings, convertibles or treasury shares as at 30 June 2019 and 30 June 2018.

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

	<b>As at 30.06.2019</b>	<b>As at 31.12.2018</b>
<b>Ordinary shares of the Company</b>		
Number of shares issued and paid-up ('000)	241,600	241,600

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

The Company did not have any sales, transfers, cancellation and/or use of treasury shares as at 30 June 2019.

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

The Company did not have any sales, transfers, cancellation and/or use of subsidiary holdings as at 30 June 2019.

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

The figures have yet to be audited or reviewed by the Company's auditors.

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

Not applicable. The figures have yet to be audited or reviewed by the Company's auditors.

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

Except as disclosed below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements for the financial year ended 31 December 2018.

The Group adopted the new/revised Singapore Financial Reporting Standards (International) ("SFRS(I)") that are effective for annual periods beginning on or after 1 January 2019. Changes to the Group's accounting policies have been made as required in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) Interpretation.

The following are the new SFRS(I) and SFRS(I) Interpretations, that are relevant to the Group:

- SFRS(I) 16 Leases
- SFRS(I) INT 23 Uncertainty Over Income Tax Treatments

The adoption of the above SFRS(I) and SFRS(I) Interpretations did not have any significant impact on the financial statements of the Group except for the following:

**Adoption of SFRS(I) 16**

SFRS(I) 16 is effective for financial year beginning on or after 1 January 2019. The Group has applied the simplified transition approach and will not reinstate comparative amount for the year prior to first adoption.

SFRS(I) 16 has resulted in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term leases and leases of low value assets. The accounting for lessors has not changed significantly.

Right-of-use assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

Lease liabilities are included as part of net debt and are taken into consideration when deriving the net gearing ratio.

The adoption of SFRS(I) 16 resulted in adjustments to the balance sheet of the Group as at 1 January 2019. The difference from the balance sheet as previously reported at 31 December 2018 are as follows:

	<b>01.01.2019</b> <b>S\$'000</b>
<b>Consolidated Balance Sheet</b>	
Increase in right-of-use assets	19,213
Increase in lease liabilities	18,682
Decrease in renovation (provision for reinstatement cost) – net book value	(531)

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

Refer to Paragraph 4.

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

Earnings Per Ordinary Share	Second Quarter		Half Year	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
Based on the weighted average number of ordinary shares on issue (in Singapore cents)	0.13	0.52	0.31	0.66
On a fully diluted basis (detailing any adjustments made to the earnings) (in Singapore cents)	0.13	0.52	0.31	0.66

- 7 Net asset value (for the Company and the Group) per ordinary share based on the total number of issued shares excluding treasury shares of the Company at the end of the current financial period reported on; and immediately preceding financial year

Net asset value per share	Group		Company	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
Net asset value per share based on total number of issued shares at the end of year (in cents)	23.85	25.14	21.01	21.45

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

**(A) COMMENTARY ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*(i) Second Quarter Ended 30 June 2019 ("Q2 2019") and 30 June 2018 ("Q2 2018")*

- (1) For the second quarter ended 30 June 2019, the Group recorded an operating profit of S\$1.4 million (Q2 2018: S\$1.5 million). Taking non-operating expenses into consideration, the Group recorded a profit before tax of S\$0.4 million in Q2 2019 (Q2 2018: S\$1.4 million) and a profit after tax of S\$0.3 million in Q2 2019 (Q2 2018: S\$1.2 million).
- (2) Revenue increased by approximately S\$4.9 million or 64%, from S\$7.6 million in Q2 2018 to S\$12.5 million in Q2 2019. The increase was mainly attributable to an increase in school fees, which resulted from the increased number of enrolled students following the acquisitions of preschool centres in 2018 and 2019.
- :  
(3) Cost of sales increased by approximately S\$3.2 million, from S\$2.8 million in Q2 2018 to S\$6.0 million in Q2 2019. The increase in cost of sales was mainly due to higher academic staff costs incurred, which resulted from the increased number of academic staff following the acquisitions of preschool centres in 2018 and 2019.
- (4) Operating administrative expenses increased by approximately S\$1.7 million or 43%, from S\$3.9 million in Q2 2018 to S\$5.6 million in Q2 2019. The increase was mainly attributable to an increase in:
  - (a) administrative costs of approximately S\$1.2 million incurred by the newly acquired centres in 2018 and 2019, such as rental, utilities, depreciation, amortisation, repairs and maintenance and other day-to-day running costs; and
  - (b) staff costs of approximately S\$0.5 million which mainly resulted from an increase in the number of staff to support the Group's business expansion overseas.
- (5) Non-operating finance expenses increased by approximately S\$0.5 million, from S\$0.1 million in Q2 2018 to S\$0.6 million in Q2 2019. The increase in non-operating finance expenses of S\$0.3 million mainly resulted from servicing the acquisition loans which the Company obtained for the acquisitions of preschool centres in 2018 and 2019 as well as S\$0.2 million that resulted from the recognition of lease liabilities following the adoption of SFRS(I) 16 as disclosed in Paragraph 4.
- (6) Non-operating acquisition related expenses increased by approximately S\$0.2 million, from S\$0.1 million in Q2 2018 to S\$0.3 million in Q2 2019. The increase in non-operating acquisition related expenses mainly resulted from the professional fees incurred in acquiring the preschool centres in Q2 2019.
- (7) Currency translation loss arising from consolidation increased by approximately S\$0.5 million, from S\$31,000 in Q2 2018 to S\$0.5 million in Q2 2019. These exchange differences arose from the translation of financial statements of Australian operations whose functional currencies are different from that of the Group's presentation currency. The translation losses for Q2 2019 arose largely from the weakening of the Australian dollar against the Singapore dollar.

**(A) COMMENTARY ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** (continued)

*(ii) Half Year Ended 30 June 2019 (“1H 2019”) and 30 June 2018 (“1H 2018”)*

- (1) For the half year ended 30 June 2019, the Group recorded an operating profit of S\$2.2 million (1H 2018: S\$2.2 million). Taking non-operating expenses into consideration, the Group recorded a profit before tax of S\$1.0 million in 1H 2019 (1H 2018: S\$1.9 million) and a profit after tax of S\$0.7 million in 1H 2019 (1H 2018: S\$1.6 million).
- (2) Revenue increased by approximately S\$8.8 million or 65%, from S\$13.7 million in 1H 2018 to S\$22.5 million in 1H 2019. The increase was mainly attributable to an increase in school fees, which resulted from the increased number of enrolled students following the acquisitions of preschool centres in 2018 and 2019.
- (3) Cost of sales increased by approximately S\$5.4 million, from S\$5.3 million in 1H 2018 to S\$10.7 million in 1H 2019. The increase in cost of sales was mainly due to higher academic staff costs incurred, which resulted from the increased number of academic staff following the acquisitions of preschool centres in 2018 and 2019.
- (4) Operating administrative expenses increased by approximately S\$3.3 million or 45%, from S\$7.4 million in 1H 2018 to S\$10.7 million in 1H 2019. The increase was mainly attributable to an increase in:
  - (a) administrative costs of approximately S\$2.0 million incurred by the newly acquired centres in 2018 and 2019, such as rental, utilities, depreciation, amortisation, repairs and maintenance and other day-to-day running costs; and
  - (b) staff costs of approximately S\$1.3 million which mainly resulted from an increase in the number of staff to support the Group’s business expansion overseas.
- (5) Operating marketing expenses increased by approximately S\$0.1 million or 37%, from S\$0.3 million in 1H 2018 to S\$0.4 million in 1H 2019. The increase was in line with the increase in scale of operations and the branding requirements of our new overseas business.
- (6) Non-operating finance expenses increased by approximately S\$0.7 million, from S\$0.2 million in 1H 2018 to S\$0.9 million in 1H 2019. The increase in non-operating finance expenses of S\$0.4 million is mainly resulted from servicing the acquisition loans which the Company obtained for the acquisitions of preschool centres in 2018 and 2019 as well as S\$0.3 million that resulted from the recognition of lease liabilities following the adoption of SFRS(I) 16 as disclosed in Paragraph 4.
- (7) Non-operating acquisition related expenses increased by approximately S\$0.2 million, from S\$0.1 million in 1H 2018 to S\$0.3 million in 1H 2019. The increase in non-operating acquisition related expenses mainly resulted from the professional fees incurred in acquiring the preschool centres in 1H 2019.

## **(B) COMMENTARY ON THE CONSOLIDATED BALANCE SHEET**

### **(1) Current assets**

The Group's current assets decreased by approximately S\$20.5 million or 43%, from S\$47.6 million as at 31 December 2018 to S\$27.1 million as at 30 June 2019 which was mainly due to a decrease in cash and cash equivalents of approximately S\$22.8 million and an increase in trade and other receivables of approximately S\$2.3 million.

The decrease in cash and cash equivalents was mainly due to:

- (a) purchase consideration paid for the acquisitions of preschool centres in 1H 2019;
- (b) distribution of dividends to shareholders in 1H 2019; and
- (c) net movements in repayments and procurements of borrowings and payments of interest in relation to the acquisitions of preschool centres.

The increase in trade and other receivables was mainly due to the rental deposits paid to landlords in securing the leases to operate newly acquired preschool centres in 1H 2019.

### **(2) Non-current assets**

The Group's non-current assets increased by approximately S\$73.2 million, from S\$46.1 million as at 31 December 2018 to S\$119.3 million as at 30 June 2019. The increase is mainly due to:

- (a) the recognitions of goodwill of approximately S\$39.5 million and the acquired fixed assets of approximately S\$2.9 million which resulted from the acquisitions of preschool centres in 1H 2019; and
- (b) the recognition of right-of-use assets of approximately S\$30.9 million arising from the adoption of SFRS(I) 16 as disclosed in Paragraph 4.

### **(3) Current liabilities**

The Group's current liabilities increased by approximately S\$13.3 million or 77%, from S\$17.2 million as at 31 December 2018 to S\$30.5 million as at 30 June 2019 mainly due to:

- (a) an increase of approximately S\$6.8 million in current lease liabilities which resulted from the recognition of current portion of lease liabilities arising from the adoption of SFRS(I) 16 as disclosed in Paragraph 4; and
- (b) an increase of approximately S\$4.4 million in current borrowings in relation to the acquisitions of preschool centres in 1H 2019.



**(B) COMMENTARY ON THE CONSOLIDATED BALANCE SHEET** (continued)

**(4) Non-current liabilities**

The Group's non-current liabilities increased by approximately S\$42.7 million, from S\$15.9 million as at 31 December 2018 to S\$58.6 million as at 30 June 2019 mainly due to:

- (a) an increase of approximately S\$23.5 million in non-current lease liabilities which resulted from the recognition of non-current portion of lease liabilities arising from the adoption of SFRS(I) 16 as disclosed in Paragraph 4; and
- (b) an increase of approximately S\$18.8 million in borrowings which resulted from the net movements of repayments and procurements of borrowings in relation to the acquisitions of preschool centres.

**(C) COMMENTARY ON THE CONSOLIDATED STATEMENT OF CASH FLOWS**

*(i) Second Quarter Ended 30 June 2019 ("Q2 2019")*

The Group's cash and cash equivalents decreased by approximately S\$18.4 million or 59%, from S\$31.0 million as at 31 March 2019 to S\$12.6 million as at 30 June 2019.

Major cash inflows in Q2 2019 were:

- (a) procurement of loan of approximately S\$26.6 million in relation to our acquisitions of preschool centres; and
- (b) net cash provided by operating activities of approximately S\$4.9 million.

Major cash outflows in Q2 2019 were:

- (a) purchase consideration of S\$40.4 million paid for the acquisitions of preschool centres in Q2 2019;
- (b) distribution of dividends to shareholders of approximately S\$3.2 million in Q2 2019;
- (c) repayments of borrowings and payments of interest in relation to our acquisitions of preschool centres amounting to approximately S\$3.0 million; and
- (d) repayments of principal element of lease payments in relation to the leasing of preschool centres of approximately S\$1.8 million.

## **(C) COMMENTARY ON THE CONSOLIDATED STATEMENT OF CASH FLOWS**

(continued)

### **(ii) Half Year Ended 30 June 2019 (“1H 2019”)**

The Group's cash and cash equivalents decreased by approximately S\$22.8 million or 64%, from S\$35.4 million as at 31 December 2018 to S\$12.6 million as at 30 June 2019.

Major cash inflows in 1H 2019 were:

- (a) procurement of loan of approximately S\$26.6 million in relation to our acquisitions of preschool centres; and
- (b) net cash provided by operating activities of approximately S\$5.1 million.

Major cash outflows in 1H 2019 were:

- (a) purchase consideration of S\$40.4 million paid for the acquisitions of preschool centres in 1H 2019;
- (b) repayments of borrowings and payments of interest in relation to our acquisitions of preschool centres amounting to approximately S\$4.7 million;
- (c) repayments of principal element of lease payments in relation to the leasing of preschool centres of approximately S\$3.3 million;
- (d) distribution of dividends to shareholders of approximately S\$3.2 million in 1H 2019; and
- (e) consideration of approximately S\$1.0 million paid for the purchase of e-books which completed in 2018.

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

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

### **10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

#### **(A) Incorporation of MindChamps PreSchool Investments Pte. Limited (“MCPSIPL”)**

On 10 July 2019, the Company incorporated a wholly owned subsidiary corporation, MindChamps PreSchool Investments Pte. Limited with an issued and paid-up share capital of S\$1,000. The principal activity of MCPSIPL is holding company. This incorporation is not expected to have any material impact on the consolidated earnings per share and/or net tangible assets per share of the Group for the financial year ending 31 December 2019

#### **(B) Acquisition of MindChamps PreSchool @ Buangkok Private Limited (“BGK”)**

On 31 July 2019, the Group completed the acquisition of the entire shareholding in BGK, at a total consideration of S\$3,230,000. This acquisition is expected to have a positive impact on the consolidated earnings per share and/or net tangible assets per share of the Group for the financial year ending 31 December 2019.

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

**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

No dividends recommended in the current reported financial period.

**(b) (i) Amount per share**

Not applicable.

**(ii) Previous corresponding period**

No dividend declared for previous corresponding period.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

**(d) The date the dividend is payable.**

Not applicable.

**(e) The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

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

No dividend has been declared for the quarter ended 30 June 2019 as the Company recently declared and paid a final cash dividend of 1.34 cents per ordinary share for the financial year ended 31 December 2018 and the Company intends to reinvest the profits generated in the current financial period.

**13 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.

**14 Negative confirmation pursuant to Rule 705(5).**

To the best of their 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.

**15 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).

**16 Use of proceeds from the Company's IPO**

The Company had raised proceeds amounting to S\$47.6 million from the IPO.

As at the date of this announcement, the use of the proceeds from the IPO is as follows:

<b>Use of proceeds</b>	<b>Amount allocated (S\$ mil)</b>	<b>Amount utilised (S\$ mil)</b>	<b>Amount unutilised (S\$ mil)</b>
Partial repayment of drawn down and outstanding amounts under Acquisition Loan (as defined in the Prospectus)	6.1	(6.1)	-
For payment of underwriting commissions and IPO expenses	3.0	(3.0)	-
For funding of our expansion plans, including potential acquisitions	34.5	(33.5)	1.0
For general corporate and working capital purposes	4.0	(1.6) <sup>(1)</sup>	2.4
<b>Total</b>	<b>47.6</b>	<b>(44.2)</b>	<b>3.4</b>

**Note:**

(1) The use of S\$1.6 million was mainly in relation to the provision of security deposits to landlords to secure the leases for newly acquired preschool centres in FY2018 and FY2019.

The Company will make further announcements when the balance of the IPO proceeds is materially disbursed-

- 17 **Segmented revenue and results for business of the Group in the form presented in the Company's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

*Half Year Ended 30 June 2019 ("1H 2019") and 30 June 2018 ("1H 2018")*

	← Singapore →			← Australia →		Group
	Education S\$'000	Franchise & Corporate S\$'000	Others S\$'000	Education S\$'000	Franchise & Corporate S\$'000	Total S\$'000
<b>1H 2019</b>						
<b>Sales</b>						
Total segment sales	8,041	4,798	-	10,372	-	23,211
Inter-segment sales	-	(738)	-	-	-	(738)
Sales to external parties	8,041	4,060	-	10,372	-	22,473
<b>EBITDA</b>	<b>4,145</b>	<b>552</b>	<b>(8)</b>	<b>2,619</b>	<b>(1,524)</b>	<b>5,784</b>
<b>1H 2018</b>						
<b>Sales</b>						
Total segment sales	6,990	4,070	-	3,232	-	14,292
Inter-segment sales	-	(635)	-	-	-	(635)
Sales to external parties	6,990	3,435	-	3,232	-	13,657
<b>EBITDA</b>	<b>1,722</b>	<b>345</b>	<b>(3)</b>	<b>1,009</b>	<b>(670)</b>	<b>2,403</b>

**By order of the Board**

**Mr. David Chiem Phu An**  
**Executive Chairman**  
**7 August 2019**