

MINDA GLOBAL BERHAD

(Company No.: 1209985-V)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

	Current Period Quarter ended		Cumulative Quarter 3 months ended	
	31.03.20 Unaudited (RM'000)	31.03.19 Unaudited (RM'000)	31.03.20 Unaudited (RM'000)	31.03.19 Unaudited (RM'000)
Revenue	18,286	23,503	18,286	23,503
Cost of services	(14,156)	(13,041)	(14,156)	(13,041)
Gross profit	4,130	10,462	4,130	10,462
Other income	646	2,699	646	2,699
Administrative expenses	(11,178)	(12,053)	(11,178)	(12,053)
Net reversal of/(impairment loss) on receivables	-	383	-	383
Interest expense	(5,057)	(5,521)	(5,057)	(5,521)
Interest income	2	5	2	5
Loss before taxation	(11,457)	(4,025)	(11,457)	(4,025)
Taxation	606	765	606	765
Net loss for the period	(10,851)	(3,260)	(10,851)	(3,260)
Loss attributable to the owners of the Company	(10,851)	(3,260)	(10,851)	(3,260)
Total comprehensive loss for the period	(10,851)	(3,260)	(10,851)	(3,260)
Basic loss per ordinary share (Sen)	(0.88)	(0.26)	(0.88)	(0.26)

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the interim financial report.

MINDA GLOBAL BERHAD

(Company No.: 1209985-V)

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INTERIM FINANCIAL REPORT**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2020**

	As at 31.03.20 Unaudited (RM'000)	As at 31.12.19 Audited (RM'000)
ASSETS		
Property and equipment	75,728	77,156
Right-of-use assets	184,119	187,928
Other intangible assets	52,052	50,609
Deferred tax assets	7,761	7,089
Goodwill on consolidation	79,296	75,683
Total Non-Current Assets	398,956	398,465
Trade and other receivables	38,289	36,208
Contract costs	3,466	3,316
Current tax asset	387	370
Cash and bank balances	2,979	4,581
Non-current assets held for sale	33,147	33,147
Total Current Assets	78,268	77,622
TOTAL ASSETS	477,224	476,087
EQUITY		
Share capital	383,209	383,209
Capital reorganisation deficit	(3,453)	(3,453)
Accumulated losses	(197,071)	(186,220)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	182,685	193,536

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INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 31 MARCH 2020 (Continued)**

	As at 31.03.20 Unaudited (RM'000)	As at 31.12.19 Audited (RM'000)
LIABILITIES		
Borrowings	4,200	-
Lease liabilities	183,857	184,074
Deferred tax liabilities	11,959	11,959
Total Non-Current Liabilities	200,016	196,033
Trade and other payables	43,978	49,727
Contract liabilities/Other current liabilities	29,141	15,056
Borrowings	16,528	16,482
Lease liabilities	4,876	5,253
Total Current Liabilities	94,523	86,518
TOTAL LIABILITIES	294,539	282,551
TOTAL EQUITY AND LIABILITIES	477,224	476,087
Net assets per share attributable to owners of the Company (RM)	0.15	0.16

The condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to the interim financial report.

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INTERIM FINANCIAL REPORT**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020 - UNAUDITED**

← Equity Attributable to Owners of the Company →

	Share Capital RM'000	Capital Reorganisation Deficit RM'000	Accumulated Losses RM'000	Total RM'000
Balance as at 1 January 2020	383,209	(3,453)	(186,220)	193,536
Loss for the period	-	-	(10,851)	(10,851)
Balance as at 31 March 2020	383,209	(3,453)	(197,071)	182,685

	Share Capital RM'000	Capital Reorganisation Reserve/ (Deficit) RM'000	Accumulated Losses RM'000	Total RM'000
Balance as at 1 January 2019	383,209	(3,453)	(148,437)	231,319
Loss for the period	-	-	(3,260)	(3,260)
Balance as at 31 March 2019	383,209	(3,453)	(151,697)	228,059

* Share capital of RM2

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial report.

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INTERIM FINANCIAL REPORT**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

	Period ended 31.03.20 Unaudited RM'000	Period ended 31.03.19 Unaudited RM'000
Cash flows from operating activities		
Loss before tax	(11,457)	(4,025)
Adjustments for:		
Amortisation of intangible assets	57	56
Depreciation of:		
- property and equipment	1,963	2,466
- right-of-use assets	2,946	2,764
(Reversal of)/impairment loss on:		
- trade receivables	-	(383)
Interest expense	5,057	5,521
Interest income	(2)	(5)
Gain on disposal of:		
- non-current assets held for sale	-	(2,079)
- property and equipment	(30)	-
	(1,466)	4,315
Changes in Working Capital:		
Trade and other receivables	(1,623)	(4,043)
Contract costs	(150)	(263)
Trade and other payables	(5,678)	(3,252)
Lease liabilities	(4,616)	-
Contract liabilities/Other current liabilities	14,085	7,294
Cash generated from operating activities	553	4,051
Tax refunded	-	15
Interest paid	(465)	(4,036)
Interest received	2	5
Net cash generated from operating activities	90	35
Cash flows from investing activities		
Acquisition of property and equipment	(505)	(1,823)
Acquisition of other intangible assets	(1,500)	-
Acquisition of subsidiary	(3,613)	-
Proceeds from disposal of non-current assets held for sale	-	14,700
Net cash (used in)/generated from investing activities	(5,618)	12,877
Cash flows from financing activities		
Net deposits pledged for Sukuk Wakalah	(91)	(14,330)
Placement of deposits pledged with licensed banks	(1)	(5)
Proceeds from term loan	4,200	-
Repayment of term loan	-	(577)
Repayment of hire purchase payables	-	(14)
Repayment of lease liabilities	(273)	(160)
Net cash generated from/(used in) financing activities	3,835	(15,086)
Net changes in cash and cash equivalents	(1,694)	(2,174)
Cash and cash equivalents at 1 January	3,095	3,046
Cash and cash equivalents at end of reporting period	1,401	872

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INTERIM FINANCIAL REPORT**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020 (Continued)**

i) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise

	Period ended 31.03.20 Unaudited RM'000	Period ended 31.03.19 Unaudited RM'000
Deposits placed with licensed banks	387	378
Cash and bank balances	2,592	15,399
	<hr/>	<hr/>
	2,979	15,777
Less: Deposits pledged with licensed banks	(387)	(378)
Less: Net deposits pledged for Sukuk Wakalah	(1,191)	(14,527)
Cash and cash equivalents	<hr/>	<hr/>
	1,401	872

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial report.

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NOTES TO THE FINANCIAL STATEMENTS

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation

The financial interim report is unaudited and has been prepared in compliance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). All figures are stated in RM'000, unless otherwise stated.

2. Significant Accounting Policies

2.1 Adoption of MFRSs, Amendments to MFRSs and IC Interpretations

The accounting policies adopted in the preparation of the interim financial report are consistent with those followed in the preparation of the Company's audited financial statements for the financial year ended 31 December 2019, except for the following:

Standards, Amendments and Annual Improvements to Standards effective for the financial periods beginning on or after 1 January 2020

- Revised Conceptual Framework for Financial Reporting
- Amendments to MFRS 3 - Business Combinations
- Amendments to MFRS 16 – Leases
- Amendments to MFRS 101 and MFRS 108 – Definition of Material
- Amendments to MFRS 7, MFRS 9 and MFRS 139 – Interest Rate Benchmark Reform
- Annual Improvements to MFRS Standards 2018-2020

The adoption of the abovementioned accounting standards and amendments have no material impact on the financial statements of the Group upon their initial application except for the following:

2.2 Standards issued but not yet effective

At the date of authorisation of the interim financial report, the Standards issued by Malaysian Accounting Standards Board ("MASB") but not yet effective are disclosed below. The Group intends to adopt these applicable standards, when they become effective.

- Amendments to MFRS 116 – Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 101 - Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material
- Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets – Cost of Fulfilling a Contract
- Amendments to References to the Conceptual Framework in MFRS Standards

3. Audit Report on Preceding Annual Financial Statements

The Company's audited financial statements for the financial year ended 31 December 2019 were not qualified.

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NOTES TO THE FINANCIAL STATEMENTS**4. Seasonal or Cyclical Factors**

The Company did not experience significant fluctuations in operations due to seasonal factors.

5. Unusual Significant Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter under review, other than as disclosed in Note 16.

6. Change in Estimates

There were no changes in estimates that have had any material effect on current financial quarter under review.

7. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities during the current quarter under review.

8. Changes in the Composition of the Company

There were no changes in the composition of the Company during the current quarter under review.

9. Changes in Contingent Liabilities and Contingent Assets

There were no material contingent liabilities or contingent assets as of the date of this report.

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NOTES TO THE FINANCIAL STATEMENTS

10. Operating Segments

	Universities RM'000	Colleges RM'000	International School RM'000	Corporate/ Others RM'000	Elimination of inter segment transactions RM'000	Total RM'000
31.03.20						
Segment profit/(loss) before tax	(9,064)	(351)	(40)	(2,002)	-	(11,457)
Included in the measure of segment profit/(loss) are:						
Revenue:						
Revenue from external customers	15,014	2,411	346	515	-	18,286
Inter-segment revenue *	-	-	-	620	(620)	-
	15,014	2,411	346	1,135	(620)	18,286
Reversal of impairment loss on:						
Reversal of/(impairment loss) on:						
- trade receivables	-	-	-	-	-	-
- non-current assets held for sale	-	-	-	-	-	-
- property and equipment	-	-	-	-	-	-
- goodwill	-	-	-	-	-	-
Interest expense	(4,809)	(231)	-	(16)	-	(5,057)
Interest income	2	-	-	-	-	2
Amortisation of intangible assets	(50)	-	-	(7)	-	(57)
Depreciation of:						
- property and equipment	(1,933)	(17)	(14)	-	-	(1,963)
- right-of-use assets	(2,610)	(336)	-	-	-	(2,946)
Earnings before interest, taxation, depreciation and amortisation ("EBITDA")	336	233	(26)	(1,979)	-	(1,435)

* Inter-segment revenues are eliminated on consolidation.

	Universities RM'000	Colleges RM'000	International School RM'000	Corporate/ Others RM'000	Elimination of inter segment transactions RM'000	Total RM'000
31.03.19						
Segment profit/(loss) before tax	(2,409)	18	9	(1,643)	-	(4,025)
Included in the measure of segment profit/(loss) are:						
Revenue:						
Revenue from external customers	20,621	2,433	449	-	-	23,503
Inter-segment revenue *	-	-	-	603	(603)	-
	20,621	2,433	449	603	(603)	23,503
Reversal of impairment loss on:						
Reversal of impairment loss on:						
- trade receivables	383	-	-	-	-	383
- non-current assets held for sale	-	-	-	-	-	-
- property and equipment	-	-	-	-	-	-
Interest expense	(5,452)	(69)	-	-	-	(5,521)
Interest income	5	-	-	-	-	5
Amortisation of intangible assets	(50)	-	-	(6)	-	(56)
Depreciation of:						
- property and equipment	(2,441)	(11)	(14)	-	-	(2,466)
- right-of-use assets	(2,632)	(132)	-	-	-	(2,764)
Earning before interest, taxation, depreciation and amortisation ("EBITDA")	8,161	230	23	(1,637)	-	6,777

* Inter-segment revenues are eliminated on consolidation.

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NOTES TO THE FINANCIAL STATEMENTS

11. Commitments

The capital commitments of the Group as at 31 March 2020 are as follows:

	As at 31.03.20 RM'000	As at 31.12.19 RM'000
Capital commitments:		
Property and equipment contracted but not provided for	-	-

12. Significant Events

On 25 February 2020, Asiamet (M) Sdn Bhd ("AMSB"), a wholly-owned indirect subsidiary of the Company, entered into Sale and Purchase Agreements ("SPA") with Ascent Resource Holdings Sdn Bhd for the disposal of institutional premises comprising fifteen (15) contiguous units of four (4) storey terraced shop offices/offices (Academic Block), a single storey auditorium, eleven (11) units of stratified ground floor shop offices/offices, five (5) units of stratified first floor shop offices/offices and three (3) units of stratified second floor shop offices/offices and a car park area (collectively referred to as "the Properties") for a total cash consideration of RM30,000,000.00 ("Proposed Disposal"). The Proposed Disposal is expected to be completed by third quarter of 2020.

13. Material Subsequent Events

There were no material events subsequent to this quarter.

14. Dividend Paid

No dividend was paid or declared during the current quarter.

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NOTES TO THE FINANCIAL STATEMENTS

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MMLR**15. Review of Performance**Variation of results against corresponding quarter and cumulative 12 months

	Quarter ended 31.03.20 RM'000	Quarter ended 31.03.19 RM'000	% of change	Cumulative 3 months ended 31.03.20 RM'000	Cumulative 3 months ended 31.03.19 RM'000	% of change
Revenue	18,286	23,503	-22%	18,286	23,503	-22%
Loss before tax	(11,457)	(4,025)	-185%	(11,457)	(4,025)	-185%

The lower quarterly and cumulative revenue was mainly due to drop in international and local students.

The higher loss before tax for the current quarter was mainly due to drop in revenue.

Variation of results against preceding quarter

	Quarter ended 31.03.20 RM'000	Quarter ended 31.12.19 RM'000	% of change
Revenue	18,286	25,705	-29%
Loss before tax	(11,457)	(19,016)	40%

The lower current quarter Group revenue is due to drop in international and local students.

The lower loss before tax for the current quarter was mainly attributable to previous quarter's impairment loss on goodwill of RM15,000,000.

16. Commentary on Prospects

The Group owns and operates 2 universities, 3 colleges and 1 international school.

The management's primary focus for the Group is the growth of both local and international students' population whilst ensuring the delivery of quality programmes.

For the financial year ending 31 December 2020, the Group foresees that its performance will be affected by the Covid-19 pandemic which has caused economic slowdown in Malaysia and globally and lockdown of international borders.

Throughout this challenging time, the Group stays confident and will continue to concentrate on cost management and operating cash flows.

17. Variance on Profit Forecast/Profit Guarantee

The Company has not issued any profit forecast or profit guarantee for the current quarter under review.

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NOTES TO THE FINANCIAL STATEMENTS

18. Taxation

	Quarter ended 31.03.20 RM'000	Quarter ended 31.03.19 RM'000	Cumulative 3 months ended 31.03.20 RM'000	Cumulative 3 months ended 31.03.19 RM'000
Income tax	(31)	(59)	(31)	(59)
Deferred tax	637	824	637	824
	<u>606</u>	<u>765</u>	<u>606</u>	<u>765</u>

The taxation included the estimation of deferred tax arising from the recognition of lease liabilities.

19. Group Borrowings and Debt Securities

Other than as disclosed below, there were no other borrowings or debt securities in the Group as at 31 March 2020.

	31.03.20 RM'000	31.12.19 RM'000
Current:		
Sukuk wakalah (secured)	16,528	16,482
Lease liabilities	4,876	5,253
	<u>21,404</u>	<u>21,735</u>
Non-current:		
Term loan	4,200	-
Lease liabilities	183,857	184,074
	<u>188,057</u>	<u>184,074</u>
	<u>209,461</u>	<u>205,809</u>

20. Material Litigations

The Company and its subsidiary companies are not engaged in any material litigation as at the date of this quarterly report.

21. Proposed dividend

There was no proposed dividend declared for the current quarter under review.

22. Loss per Share**Basic loss per ordinary share**

The basic loss per ordinary share for the current quarter and cumulative year is calculated based on the loss attributable to ordinary shareholders and the number of ordinary shares of 1,239,905,790 (31.12.2019:1,239,905,790).

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NOTES TO THE FINANCIAL STATEMENTS

23. Additional notes to the Statement of Profit or Loss and Other Comprehensive Income

	Current Period		Cumulative Quarter	
	Quarter ended		3 months ended	
	31.03.20	31.03.19	31.03.20	31.03.19
	RM'000	RM'000	RM'000	RM'000
Results from operating activities is arrived at after charging/(crediting):				
• Amortisation of intangible assets	57	56	57	56
• Depreciation of property and equipment	1,963	2,466	1,963	2,466
• Depreciation of right-of-use assets	2,946	2,764	2,946	2,764
• Gain on disposal of non-current assets held for sale	1	(2,079)	1	(2,079)
• Interest expense	5,057	5,521	5,057	5,521
• Interest income	(2)	(5)	(2)	(5)
• Gain on disposal of property and equipment	(30)	-	(30)	-
• Net (reversal of)/impairment loss on receivables	-	(383)	-	(383)
• Rental income	(601)	(618)	(601)	(618)

BY ORDER OF THE BOARD

Date: 30 June 2020