

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 30 SEPTEMBER 2020**

	Current Period Quarter ended		Cumulative Quarter 9 months ended	
	30.09.20 Unaudited (RM'000)	30.09.19 Unaudited (RM'000)	30.09.20 Unaudited (RM'000)	30.09.19 Unaudited (RM'000)
Revenue	23,651	24,179	62,791	71,796
Cost of services	(12,899)	(15,424)	(41,435)	(42,006)
Gross profit	10,752	8,755	21,356	29,790
Other income	1,402	538	4,310	5,148
Administrative expenses	(11,193)	(13,092)	(31,758)	(37,395)
Net reversal of/(impairment loss) on receivables	-	-	-	496
Interest expense	(4,330)	(5,598)	(13,281)	(16,817)
Interest income	2	2	9	11
Loss before taxation	(3,367)	(9,395)	(19,364)	(18,767)
Taxation	305	740	1,254	2,354
Net loss for the period	(3,062)	(8,655)	(18,110)	(16,413)
Loss attributable to the owners of the Company	(3,062)	(8,655)	(18,110)	(16,413)
Total comprehensive loss for the period	(3,062)	(8,655)	(18,110)	(16,413)
Basic loss per ordinary share (Sen)	(0.25)	(0.70)	(1.46)	(1.32)

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 30 SEPTEMBER 2020**

	As at 30.09.20 Unaudited (RM'000)	As at 31.12.19 Audited (RM'000)
ASSETS		
Property and equipment	73,671	77,156
Right-of-use assets	184,607	187,928
Other intangible assets	54,688	50,609
Deferred tax assets	8,409	7,089
Goodwill on consolidation	79,296	75,683
Total Non-Current Assets	400,671	398,465
Trade and other receivables	42,891	36,208
Contract costs	2,962	3,316
Current tax asset	514	370
Cash and bank balances	5,445	4,581
Non-current assets held for sale	21,947	33,147
Total Current Assets	73,759	77,622
TOTAL ASSETS	474,430	476,087
EQUITY		
Share capital	383,209	383,209
Capital reorganisation deficit	(3,453)	(3,453)
Accumulated losses	(204,330)	(186,220)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	175,426	193,536

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INTERIM FINANCIAL REPORT**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 30 SEPTEMBER 2020 (Continued)**

	As at 30.09.20 Unaudited (RM'000)	As at 31.12.19 Audited (RM'000)
LIABILITIES		
Borrowings	25,574	-
Lease liabilities	188,016	184,074
Deferred tax liabilities	11,959	11,959
Total Non-Current Liabilities	225,549	196,033
Trade and other payables	40,408	49,727
Contract liabilities/Other current liabilities	28,152	15,056
Borrowings	-	16,482
Lease liabilities	4,895	5,253
Total Current Liabilities	73,455	86,518
TOTAL LIABILITIES	299,004	282,551
TOTAL EQUITY AND LIABILITIES	474,430	476,087
Net assets per share attributable to owners of the Company (RM)	0.14	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 30 SEPTEMBER 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	-	-	(18,110)	(18,110)
Balance as at 30 September 2020	383,209	(3,453)	(204,330)	175,426

	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	-	-	(16,413)	(16,413)
Balance as at 30 September 2019	383,209	(3,453)	(164,850)	214,906

* 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 30 SEPTEMBER 2020**

	Period ended 30.09.20 Unaudited RM'000	Period ended 30.09.19 Unaudited RM'000
Cash flows from operating activities		
Loss before tax	(19,364)	(18,767)
Adjustments for:		
Amortisation of intangible assets	172	170
Depreciation of:		
- property and equipment	5,855	7,438
- right-of-use assets	9,806	8,701
(Reversal of)/impairment loss on:		
- non-current assets held for sale	-	2,783
- property and equipment	-	(3)
- trade receivables	-	(496)
Interest expense	13,281	16,817
Interest income	(9)	(11)
Gain on disposal of:		
- non-current assets held for sale	-	(3,250)
- property and equipment	(30)	2
	9,711	13,384
Changes in Working Capital:		
Trade and other receivables	(6,993)	(9,440)
Contract costs	354	(441)
Lease liabilities	(966)	-
Trade and other payables	(7,138)	621
Contract liabilities/Other current liabilities	13,096	13,289
Cash generated from operating activities	8,064	17,413
Tax paid	-	(20)
Tax refunded	-	16
Interest paid	(12,965)	(14,323)
Interest received	9	11
Net cash (used in)/generated from operating activities	(4,892)	3,097
Cash flows from investing activities		
Acquisition of property and equipment	(2,340)	(4,918)
Acquisition of other intangible assets	(4,151)	(53)
Acquisition of subsidiary	(3,613)	-
Proceeds from disposal of non-current assets held for sale	11,200	17,417
Net cash generated from investing activities	1,096	12,446
Cash flows from financing activities		
Deposits withdrawn from/(pledged for) Sukuk Wakalah	1,100	(1,656)
Deposits pledged for term loan	(3,732)	-
Placement of deposits pledged with licensed banks	(7)	(10)
Proceeds from term loan	25,574	-
Repayment of Sukuk Wakalah	(17,389)	(11,000)
Repayment of term loan	-	(1,557)
Payment of lease liabilities	(3,525)	(752)
Net cash generated from/(used in) financing activities	2,021	(14,975)
Net changes in cash and cash equivalents	(1,775)	568
Cash and cash equivalents at 1 January	3,095	3,046
Cash and cash equivalents at end of reporting period	1,320	3,614

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INTERIM FINANCIAL REPORT**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (Continued)**

i) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise

	Period ended 30.09.20 Unaudited RM'000	Period ended 30.09.19 Unaudited RM'000
Deposits placed with licensed banks	393	383
Cash and bank balances	5,052	5,467
	<hr/>	<hr/>
	5,445	5,850
Less: Deposits pledged with licensed banks	(393)	(383)
Less: Deposits pledged for Sukuk Wakalah	-	(1,853)
Less: Deposits pledged for term loan	(3,732)	-
Cash and cash equivalents	<hr/>	<hr/>
	1,320	3,614

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
30.09.20						
Segment profit/(loss) before tax	(13,965)	798	(69)	(6,128)	-	(19,364)
Included in the measure of segment profit/(loss) are:						
Revenue:						
Revenue from external customers	51,769	9,090	1,233	699	-	62,791
Inter-segment revenue *	-	-	-	6,494	(6,494)	-
	51,769	9,090	1,233	7,193	(6,494)	62,791
Interest expense	(12,551)	(685)	-	(45)	-	(13,281)
Interest income	9	-	-	-	-	9
Amortisation of intangible assets	(151)	-	-	(21)	-	(172)
Depreciation of:						
- property and equipment	(5,674)	(50)	(41)	(90)	-	(5,855)
- right-of-use assets	(8,797)	(1,009)	-	-	-	(9,806)
Earnings before interest, taxation, depreciation and amortisation ("EBITDA")	13,199	2,542	(28)	(5,972)	-	9,742

* Inter-segment revenues are eliminated on consolidation.

	University / University College RM'000	Colleges RM'000	International School RM'000	Corporate/ Others RM'000	Elimination of inter segment transactions RM'000	Total RM'000
30.09.19						
Segment profit/(loss) before tax	(13,217)	19	165	(5,734)	-	(18,767)
Included in the measure of segment profit/(loss) are:						
Revenue:						
Revenue from external customers	62,197	7,996	1,603	-	-	71,796
Inter-segment revenue *	-	-	-	1,808	(1,808)	-
	62,197	7,996	1,603	1,808	(1,808)	71,796
Reversal of/(impairment loss) on:						
- trade receivables	496	-	-	-	-	496
- non-current assets held for sale	(2,783)	-	-	-	-	(2,783)
- property and equipment	-	3	-	-	-	3
Interest expense	(16,260)	(557)	-	-	-	(16,817)
Interest income	11	-	-	-	-	11
Amortisation of intangible assets	(152)	-	-	(18)	-	(170)
Depreciation of:						
- property and equipment	(7,367)	(30)	(41)	-	-	(7,438)
- right-of-use assets	(7,896)	(805)	-	-	-	(8,701)
Earnings before interest, taxation, depreciation and amortisation ("EBITDA")	18,447	1,411	206	(5,716)	-	14,348

* 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 30 September 2020 are as follows:

	As at 30.09.20 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 1Q2021.

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 9 months

	Quarter ended 30.09.20 RM'000	Quarter ended 30.09.19 RM'000	% of change	Cumulative 9 months ended 30.09.20 RM'000	Cumulative 9 months ended 30.09.19 RM'000	% of change
Revenue	23,651	24,179	-2%	62,791	71,796	-13%
Loss before tax	(3,367)	(9,395)	64%	(19,364)	(18,767)	-3%

The lower quarterly and cumulative revenue is mainly attributable to Covid-19 pandemic resulting in a reduction in international and local students.

The lower quarterly loss before tax for the current quarter is mainly due to waiver of campus rental, lower facilities cost and cost savings exercise.

The higher cumulative loss before tax is mainly attributable to the decrease in revenue as a result of the Covid-19 pandemic.

Variation of results against preceding quarter

	Quarter ended 30.09.20 RM'000	Quarter ended 30.06.20 RM'000	% of change
Revenue	23,651	20,854	13%
Loss before tax	(3,367)	(4,540)	26%

The higher current quarter Group revenue is due to improvement in student enrolment as compared to previous quarter.

The lower loss before tax for the current quarter is mainly due to waiver of campus rental, lower facilities cost and cost savings exercise.

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.

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

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NOTES TO THE FINANCIAL STATEMENTS

17. Variance on Profit Forecast/Profit Guarantee

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

18. Taxation

	Quarter ended 30.09.20 RM'000	Quarter ended 30.09.19 RM'000	Cumulative 9 months ended 30.09.20 RM'000	Cumulative 9 months ended 30.09.19 RM'000
Income tax	(31)	(20)	(66)	(78)
Deferred tax	336	760	1,320	2,432
	<u>305</u>	<u>740</u>	<u>1,254</u>	<u>2,354</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 30 September 2020.

	30.09.20 RM'000	31.12.19 RM'000
Current:		
Sukuk wakalah (secured)	-	16,482
Lease liabilities	4,895	5,253
	<u>4,895</u>	<u>21,735</u>
Non-current:		
Term loan	25,574	-
Lease liabilities	188,016	184,074
	<u>213,590</u>	<u>184,074</u>
	<u>218,485</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.

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NOTES TO THE FINANCIAL STATEMENTS

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).

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

	Current Period Quarter ended		Cumulative Quarter 9 months ended	
	30.09.20 RM'000	30.09.19 RM'000	30.09.20 RM'000	30.09.19 RM'000
Results from operating activities is arrived at after charging/(crediting):				
• Amortisation of intangible assets	57	58	172	170
• Depreciation of property and equipment	1,922	2,527	5,855	7,438
• Reversal of impairment on property, plant and equipment (net)	-	(3)	-	(3)
• Depreciation of right-of-use assets	3,221	2,968	9,806	8,701
• Gain on disposal of non-current assets held for sale	-	-	-	(3,250)
• Impairment loss on non-current assets held for sale	-	2,783	-	2,783
• Interest expense	4,330	5,598	13,281	16,817
• Interest income	(2)	(2)	(9)	(11)
• Loss/(gain) on disposal of property and equipment	-	85	(30)	2
• Net reversal of impairment on receivables	-	-	-	(496)
• Rental income	(160)	(621)	(1,261)	(1,892)

BY ORDER OF THE BOARD

Date: 27 November 2020