

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 2021**

	Current Period Quarter ended		Cumulative Quarter 9 months ended	
	30.09.21 Unaudited (RM'000)	30.09.20 Unaudited (RM'000)	30.09.21 Unaudited (RM'000)	30.09.20 Unaudited (RM'000)
Revenue	25,255	23,651	73,695	62,791
Cost of services	(11,987)	(12,899)	(34,679)	(41,435)
Gross profit	13,268	10,752	39,016	21,356
Other income	342	1,402	1,129	4,310
Administrative expenses	(9,336)	(11,193)	(29,163)	(31,758)
Net reversal of/(impairment loss) on receivables	(68)	-	(114)	-
Interest expense	(3,043)	(4,330)	(9,186)	(13,281)
Interest income	1	2	6	9
Profit/(loss) before taxation	1,164	(3,367)	1,688	(19,364)
Taxation	210	305	797	1,254
Net profit/(loss) for the period	1,374	(3,062)	2,485	(18,110)
Profit/(loss) attributable to the owners of the Company	1,374	(3,062)	2,485	(18,110)
Total comprehensive profit/(loss) for the period	1,374	(3,062)	2,485	(18,110)
Basic profit/(loss) per ordinary share (Sen)	0.11	(0.25)	0.20	(1.46)

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 2021**

	As at 30.09.21 Unaudited (RM'000)	As at 31.12.20 Audited (RM'000)
ASSETS		
Property and equipment	79,258	81,571
Right-of-use assets	121,451	129,784
Other intangible assets	54,311	54,762
Deferred tax assets	9,615	8,783
Goodwill on consolidation	75,683	75,683
Total Non-Current Assets	340,318	350,583
Trade and other receivables	41,193	43,932
Contract costs	4,688	3,882
Current tax asset	584	584
Cash and bank balances	16,028	13,125
Non-current assets held for sale	23,747	23,747
Total Current Assets	86,240	85,270
TOTAL ASSETS	426,558	435,853
EQUITY		
Share capital	388,129	383,209
Capital reorganisation deficit	(7,064)	(7,064)
Assets revaluation reserve	14,484	14,484
Accumulated losses	(193,947)	(196,432)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	201,602	194,197

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INTERIM FINANCIAL REPORT**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 30 SEPTEMBER 2021 (Continued)**

	As at 30.09.21 Unaudited (RM'000)	As at 31.12.20 Audited (RM'000)
LIABILITIES		
Borrowings	17,390	17,390
Lease liabilities	113,547	116,458
Deferred tax liabilities	16,533	16,533
Total Non-Current Liabilities	147,470	150,381
Trade and other payables	40,639	46,658
Contract liabilities/Other current liabilities	21,237	29,691
Borrowings	8,618	8,492
Lease liabilities	6,992	6,434
Total Current Liabilities	77,486	91,275
TOTAL LIABILITIES	224,956	241,656
TOTAL EQUITY AND LIABILITIES	426,558	435,853
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 30 SEPTEMBER 2021 - UNAUDITED**

← Equity Attributable to Owners of the Company →

	Share Capital RM'000	Capital Reorganisation Deficit RM'000	Assets Revaluation Reserve RM'000	Accumulated Losses RM'000	Total RM'000
Balance as at 1 January 2021	383,209	(7,064)	14,484	(196,432)	194,197
Issuance of shares from Private Placement	4,920	-	-	-	4,920
Profit for the period	-	-	-	2,485	2,485
Balance as at 30 September 2021	388,129	(7,064)	14,484	(193,947)	201,602

	Share Capital RM'000	Capital Reorganisation Reserve/ (Deficit) RM'000	Assets Revaluation Reserve 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 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 2021**

	Period ended 30.09.21 Unaudited RM'000	Period ended 30.09.20 Unaudited RM'000
Cash flows from operating activities		
Profit/(loss) before tax	1,688	(19,364)
Adjustments for:		
Amortisation of intangible assets	451	172
Depreciation of:		
- property and equipment	5,545	5,855
- right-of-use assets	8,524	9,806
(Reversal of)/impairment loss on:		
- trade and other receivables	68	-
Interest expense	9,186	13,281
Interest income	(6)	(9)
Gain on disposal of:		
- property and equipment	4	(30)
	25,460	9,711
Changes in Working Capital:		
Trade and other receivables	2,671	(6,993)
Contract costs	(806)	354
Trade and other payables	(3,978)	(8,104)
Contract liabilities/Other current liabilities	(8,454)	13,096
Cash generated from operating activities	14,894	8,064
Tax paid	(35)	-
Interest paid	(9,121)	(12,965)
Interest received	6	9
Net cash generated from/(used in) operating activities	5,743	(4,892)
Cash flows from investing activities		
Acquisition of property and equipment	(3,236)	(2,340)
Acquisition of other intangible assets	-	(4,151)
Acquisition of subsidiary	-	(3,613)
Proceeds from disposal of non-current assets held for sale	-	11,200
Net cash (used in)/generated from investing activities	(3,236)	1,096
Cash flows from financing activities		
Proceeds from issuance of shares	4,920	-
Net deposits withdrawn from Sukuk Wakalah	-	1,100
Net deposits pledged for term loan	(739)	(3,732)
Placement of deposits pledged with licensed banks	(56)	(7)
Proceeds from term loan	-	17,361
Repayment of Sukuk Wakalah	-	(17,389)
Payment of lease liabilities	(4,650)	(3,525)
Net cash (used in)/generated from financing activities	(525)	(6,192)
Net changes in cash and cash equivalents	1,982	(9,988)
Cash and cash equivalents at 1 January	227	3,095
Cash and cash equivalents at end of reporting period	2,209	(6,893)

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INTERIM FINANCIAL REPORT**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (Continued)**

i) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise

	Period ended 30.09.21 Unaudited RM'000	Period ended 30.09.20 Unaudited RM'000
Deposits placed with licensed banks	943	393
Cash and bank balances	15,085	5,052
Bank overdraft	(8,618)	(8,213)
	<hr/>	<hr/>
	7,410	(2,768)
Less: Deposits pledged with licensed banks	(943)	(393)
Less: Deposits pledged for term loan	(4,258)	(3,732)
Cash and cash equivalents	<hr/>	<hr/>
	2,209	(6,893)

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 interim financial 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 2020, except for the following:

Standards, Amendments and Annual Improvements to Standards effective for the financial periods beginning on or after 1 January 2021

- Amendments to MFRS 7, MFRS 9, and MFRS 139 – Interest Rate Benchmark Reform – Phase 2

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

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 2020 were not qualified.

4. Seasonal or Cyclical Factors

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

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NOTES TO THE FINANCIAL STATEMENTS**5. Unusual Significant Items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter under review.

6. Change in Estimates

There were no changes in estimates that have had any material effect on the 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 other than as disclosed in Note 11.

8. Changes in the Composition of the Company

There were no significant changes in the composition of the Company during the current quarter under review other than as below:

On 3 March 2021, CUCMS Education Sdn. Bhd., a wholly-owned subsidiary of the Company, entered into a share sale agreement to dispose of 2 ordinary shares of CUCMS Properties Management Sdn. Bhd., its wholly-owned subsidiary, for a total consideration of RM1.

On 5 October 2021, the Company entered into a share sale agreement to dispose of 500,000 ordinary shares of Minda Global International Education Sdn. Bhd. for a total consideration of RM600,000.00.

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

30.09.21	Universities RM'000	Colleges RM'000	International School RM'000	Corporate/ Others RM'000	Elimination of inter segment transactions RM'000	Total RM'000
Segment profit/(loss) before tax	6,792	671	186	(5,961)	-	1,688
Included in the measure of segment profit/(loss) are:						
Revenue:						
Revenue from external customers	61,788	9,554	1,611	742	-	73,695
Inter-segment revenue *	-	-	-	5,317	(5,317)	-
	61,788	9,554	1,611	6,059	(5,317)	73,695
Reversal of/(impairment loss) on:						
- trade receivables	(68)	-	-	-	-	(68)
Interest expense	(8,318)	(831)	-	(37)	-	(9,186)
Interest income	6	-	-	-	-	6
Amortisation of intangible assets	(152)	-	-	(299)	-	(451)
Depreciation of:						
- property and equipment	(5,360)	(68)	(26)	(91)	-	(5,545)
- right-of-use assets	(6,920)	(1,604)	-	-	-	(8,524)
Earnings before interest, taxation, depreciation and amortisation ("EBITDA")	27,537	3,174	212	(5,534)	-	25,389

* Inter-segment revenues are eliminated on consolidation.

30.09.20	Universities RM'000	Colleges RM'000	International School RM'000	Corporate/ Others RM'000	Elimination of inter segment transactions RM'000	Total RM'000
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)	-	9,741

* Inter-segment revenues are eliminated on consolidation.

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NOTES TO THE FINANCIAL STATEMENTS

11. Significant Events

On 25 February 2020, Asiamet (M) Sdn Bhd (“AMSB”), a wholly-owned indirect subsidiary of the Company, entered into a 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 4Q2021.

On 31 December 2020, the Company proposed to undertake a private placement of up to 123,990,500 new ordinary shares, representing up to approximately 10% of the existing total number of issued shares. On 15 January 2021, the Company received Bursa approval on the said private placement. On 10 March 2021, 82,000,000 shares were issued based on the issue price for the first tranche of the private placement at RM0.06 per placement share. On 5 July 2021, Bursa Securities has approved the Company’s application for an extension of time of 6 months until 14 January 2022 for the Company to complete the implementation of the Private Placement.

12. Material Subsequent Events

There were no material events subsequent to this quarter.

13. Dividend Paid

No dividend was paid or declared during the current quarter.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MMLR

14. Review of Performance

Variation of results against previous corresponding quarter

After several years of losses, the Group has shown a positive turnaround with a profitable 9 months ended 30 September 2021 of RM1.6 million as compared to a loss before tax of RM19.3 million for 9 months ended 30 September 2020.

	Quarter ended 30.09.21 RM'000	Quarter ended 30.09.20 RM'000	% of change	Cumulative 9 months ended 30.09.21 RM'000	Cumulative 9 months ended 30.09.20 RM'000	% of change
Revenue	25,255	23,651	7%	73,695	62,791	17%
Profit/(loss) before tax	1,164	(3,367)	135%	1,688	(19,364)	109%

The higher quarterly revenue is mainly attributable to higher active student numbers.

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NOTES TO THE FINANCIAL STATEMENTS

The profit before tax for the current quarter is mainly due to higher revenue from higher active students and lower cost of service due to successful cost savings exercise.

Variation of results against the preceding quarter

	Quarter ended 30.09.21 RM'000	Quarter ended 30.06.21 RM'000	% of change
Revenue	25,255	23,714	6%
Profit/(loss) before tax	1,164	(117)	1095%

The higher current quarter Group revenue and profit before tax are due to higher revenue from higher active students coupled with lower cost of service driven by successful cost savings exercise.

15. 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.

The Covid-19 pandemic will continue to affect businesses around the world. However, we will take the necessary actions to ensure that the impact will be minimal.

For the financial year ending 31 December 2021, the Group shall continue to execute the transformation plan which will grow the top line and reduce cost. In addition, we will also focus on cost and operating cash flows management.

16. Variance on Profit Forecast/Profit Guarantee

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

17. Taxation

	Quarter ended 30.09.21 RM'000	Quarter ended 30.09.20 RM'000	Cumulative 9 months ended 30.09.21 RM'000	Cumulative 9 months ended 30.09.20 RM'000
Income tax	(13)	(31)	(35)	(66)
Deferred tax	223	336	832	1,320
	210	305	797	1,254

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

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NOTES TO THE FINANCIAL STATEMENTS

18. 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 2021.

	30.09.21	31.12.20
	RM'000	RM'000
Current:		
Overdraft facilities	8,618	8,492
Lease liabilities	6,992	6,434
	<u>15,610</u>	<u>14,926</u>
Non-current:		
Term loan	17,390	17,390
Lease liabilities	113,547	116,458
	<u>130,937</u>	<u>133,848</u>
	<u>146,547</u>	<u>148,774</u>

19. Material Litigations

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

20. Proposed dividend

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

21. Profit/(loss) per Share**Basic profit/(loss) per ordinary share**

The basic profit/(loss) per ordinary share for the current quarter and cumulative year is calculated based on the profit/(loss) attributable to ordinary shareholders and the number of ordinary shares of 1,321,905,790 (31.12.2020:1,239,905,790).

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NOTES TO THE FINANCIAL STATEMENTS

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

	Current Period		Cumulative Quarter	
	Quarter ended		9 months ended	
	30.09.21	30.09.20	30.09.21	30.09.20
	RM'000	RM'000	RM'000	RM'000
Results from operating activities is arrived at after charging/(crediting):				
• Amortisation of intangible assets	150	57	451	172
• Depreciation of property and equipment	1,831	1,922	5,545	5,855
• Depreciation of right-of-use assets	2,854	3,221	8,524	9,806
• Loss/(gain) on disposal of property and equipment	-	-	4	(30)
• Gain on disposal of subsidiary	-	-	(51)	-
• Interest expense	3,043	4,330	9,186	13,281
• Interest income	(1)	(2)	(6)	(9)
• Impairment loss on trade and other receivables (net)	68	-	68	-
• Rental income	(225)	(160)	(690)	(1,261)

BY ORDER OF THE BOARD

Date: 29 November 2021