

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 JUNE 2022**

	Current Period Quarter ended		Cumulative Quarter 6 months ended	
	30.06.22 Unaudited (RM'000)	30.06.21 Unaudited (RM'000)	30.06.22 Unaudited (RM'000)	30.06.21 Unaudited (RM'000)
Revenue	28,670	23,714	55,529	48,440
Cost of services	(14,502)	(11,347)	(28,337)	(22,692)
Gross profit	14,168	12,367	27,192	25,748
Other income	295	494	1,908	787
Administrative expenses	(11,599)	(9,919)	(22,126)	(19,873)
Interest expense	(2,327)	(3,062)	(5,022)	(6,143)
Interest income	7	3	8	5
Profit/(Loss) before taxation	544	(117)	1,960	524
Taxation	-	289	23	587
Net profit for the period	544	172	1,983	1,111
Profit for the period	544	172	1,983	1,111
Profit attributable to the owners of the Company	544	172	1,983	1,111
Total comprehensive profit for the period	544	172	1,983	1,111
Basic profit per ordinary share (Sen)	0.04	0.01	0.15	0.09

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)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2022**

	As at 30.06.22 Unaudited (RM'000)	As at 31.12.21 Audited (RM'000)
ASSETS		
Property and equipment	74,778	76,057
Right-of-use assets	140,762	147,877
Other intangible assets	53,816	54,068
Deferred tax assets	8,461	8,425
Goodwill on consolidation	75,683	75,683
Total Non-Current Assets	353,500	362,110
Trade and other receivables	22,153	42,424
Contract costs	7,354	5,402
Current tax asset	537	537
Cash and bank balances	22,451	16,947
Non-current assets held for sale	20,278	20,278
Total Current Assets	72,773	85,588
TOTAL ASSETS	426,273	447,698
EQUITY		
Share capital	388,129	388,129
Capital reorganisation deficit	(7,064)	(7,064)
Assets revaluation reserve	14,484	14,484
Accumulated losses	(190,947)	(192,930)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	204,602	202,619

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INTERIM FINANCIAL REPORT**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2022 (Continued)**

	As at 30.06.22 Unaudited (RM'000)	As at 31.12.21 Audited (RM'000)
LIABILITIES		
Borrowings	14,198	17,390
Lease liabilities	125,711	130,539
Deferred tax liabilities	16,533	16,533
Total Non-Current Liabilities	156,442	164,462
Trade and other payables	30,084	36,208
Contract liabilities/Other current liabilities	17,300	29,926
Borrowings	3,192	62
Lease liabilities	14,653	14,421
Total Current Liabilities	65,229	80,617
TOTAL LIABILITIES	221,671	245,079
TOTAL EQUITY AND LIABILITIES	426,273	447,698
Net assets per share attributable to owners of the Company (RM)	0.15	0.15

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 JUNE 2022 - UNAUDITED**

	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 2022	388,129	(7,064)	14,484	(192,930)	202,619
Profit for the period	-	-	-	1,983	1,983
Balance as at 30 June 2022	388,129	(7,064)	14,484	(190,947)	204,602

	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 2021	383,209	(7,064)	14,484	(196,432)	194,197
Issue of ordinary shares	4,920	-	-	-	4,920
Profit for the period	-	-	-	1,111	1,111
Balance as at 30 June 2021	388,129	(7,064)	14,484	(195,321)	200,228

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 JUNE 2022**

	Period ended 30.06.22 Unaudited RM'000	Period ended 30.06.21 Unaudited RM'000
Cash flows from operating activities		
Profit before tax	1,960	524
Adjustments for:		
Amortisation of intangible assets	104	301
Depreciation of:		
- property and equipment	3,899	3,714
- right-of-use assets	6,799	5,670
Interest expense	5,022	6,143
Interest income	(8)	(5)
(Gain)/loss on disposal of:		
- property and equipment	-	4
- subsidiary	(1,320)	-
	16,456	16,351
Changes in Working Capital:		
Trade and other receivables	18,747	5,203
Contract costs	(1,952)	(868)
Trade and other payables	(5,197)	(10,333)
Contract liabilities	(11,975)	(4,492)
Cash generated from operating activities	16,079	5,861
Tax paid	(13)	(22)
Interest paid	(5,022)	(6,190)
Interest received	8	5
Net cash generated from/(used in) operating activities	11,052	(346)
Cash flows for investing activities		
Acquisition of property and equipment	(1,281)	(1,451)
Proceeds from disposal of subsidiary, net of cash disposed	330	-
Net cash used in investing activities	(951)	(1,451)
Cash flows for financing activities		
Proceeds from issuance of shares	-	4,920
Net deposits pledged for term loan	214	-
Placement of deposits pledged with licensed banks	-	(30)
Payment of lease liabilities	(4,538)	(2,938)
Net cash (used in)/generated from financing activities	(4,324)	1,952
Net changes in cash and cash equivalents	5,777	155
Cash and cash equivalents at the beginning of the financial period	12,233	227
Cash and cash equivalents at end of reporting period	18,010	382

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INTERIM FINANCIAL REPORT**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022(Continued)**

i) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise

	Period ended 30.06.22 Unaudited RM'000	Period ended 30.06.21 Unaudited RM'000
Deposits placed with licensed banks	932	917
Cash and bank balances	21,519	12,496
Bank overdraft	-	(8,476)
	<hr/>	<hr/>
	22,451	4,937
Less: Deposits pledged with licensed banks	(932)	(917)
Less: Deposits pledged for term loan	(3,509)	(3,638)
Cash and cash equivalents	<hr/>	<hr/>
	18,010	382

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 2021, except for the following:

Standards, Amendments and Annual Improvements to Standards effective for the financial periods beginning on or after 1 January 2022

- Amendments to MFRS 1 – First-time Adoption of Malaysian Financial Reporting Standards[^]
- Amendments to MFRS 3 – Business Combinations
- Amendments to MFRS 9 – Financial Instruments[^]
- Amendments to MFRS 16 – Leases[^]
- Amendments to MFRS 116 – Property, Plant and Equipment
- Amendments to MFRS 137 – Provisions, Contingent Liabilities and Contingent Assets
- Amendments to MFRS 141 – Agriculture[^]

[^] The annual improvements to MFRS Standards 2018-2020

The adoption of the above-mentioned 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 new MFRS and amendments/improvements to MFRSs that have been issued by Malaysian Accounting Standards Board ("MASB") but yet to be effective are disclosed below. The Group intends to adopt these applicable standards when they become effective.

New MFRS

- MFRS 17 – Insurance Contracts

Amendments/Improvements to MFRSs

- MFRS 5 – Non-current Assets Held for Sale and Discontinued Operations
- MFRS 7 – Financial Instruments: Disclosures
- MFRS 10 – Consolidated Financial Statements
- MFRS 15 – Revenue from Contracts with Customers
- MFRS 17 – Insurance Contracts

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2.2 Standards issued but not yet effective (Continued)

Amendments/Improvements to MFRSs (Continued)

- MFRS 101 – Presentation of Financial Statements
- MFRS 107 – Statement of Cash Flows
- MFRS 108 – Accounting Policies, Changes in Accounting Estimates and Errors
- MFRS 112 – Income Taxes
- MFRS 119 – Employee Benefits
- MFRS 128 – Investments in Associates and Joint Ventures
- MFRS 132 – Financial Instruments: Presentation
- MFRS 136 – Impairment of Assets
- MFRS 138 – Intangible Assets
- MFRS 140 – Investment Property

3. Audit Report on Preceding Annual Financial Statements

The Company's audited financial statements for the financial year ended 31 December 2021 were not qualified.

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.

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 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. The disposal was completed on 1 March 2022.

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NOTES TO THE FINANCIAL STATEMENTS

9. Changes in Contingent Liabilities and Contingent Assets

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

10. Operating Segments

30.06.22	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	2,140	1,784	(30)	(1,934)	(0)	1,960
Included in the measure of segment profit/(loss) are:						
Revenue:						
Revenue from external customers	46,491	7,930	144	964	-	55,529
	46,491	7,930	144	964	-	55,529
Interest expense	(4,433)	(524)	-	(65)	-	(5,022)
Interest income	8	-	-	-	-	8
Amortisation of intangible assets	(101)	-	-	(3)	-	(104)
Depreciation of:						
- property and equipment	(3,759)	(74)	(5)	(61)	-	(3,899)
- right-of-use assets	(5,694)	(1,105)	-	-	-	(6,799)
Gain on disposal:						
- subsidiary	-	-	-	1,320	(0)	1,320
Earnings before interest, taxation, depreciation and amortisation ("EBITDA")	16,122	3,487	(25)	(1,807)	-	17,777

* Inter-segment revenues are eliminated on consolidation.

30.06.21	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	4,846	(56)	273	(4,539)	-	524
Included in the measure of segment profit/(loss) are:						
Revenue:						
Revenue from external customers	41,304	5,432	1,323	381	-	48,440
Inter-segment revenue *	-	-	-	3,494	(3,494)	-
	41,304	5,432	1,323	3,875	(3,494)	48,440
Impairment loss/(Reversal of) on:						
- trade receivables	(46)	-	-	-	-	(46)
Interest expense	(5,570)	(548)	-	(25)	-	(6,143)
Interest income	5	-	-	-	-	5
Amortisation of intangible assets	(101)	-	-	(200)	-	(301)
Depreciation of:						
- property and equipment	(3,591)	(44)	(19)	(60)	-	(3,714)
- right-of-use assets	(4,613)	(1,057)	-	-	-	(5,670)
Earnings before interest, taxation, depreciation and amortisation ("EBITDA")	18,716	1,593	292	(4,254)	-	16,347

* Inter-segment revenues are eliminated on consolidation.

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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 Q4 2022.

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. The implementation of the private placement has lapsed on 14 January 2022. Thus, the private placement is deemed completed on 14 January 2022.

On 10 June 2022, UOC Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Persada Mewah Sdn Bhd for the proposed acquisition of the land and buildings held under Geran 340365, Lot 120232, Bandar Cyberjaya, District of Sepang, Selangor Darul Ehsan for a total purchase consideration of RM180.0 million (“Proposed Acquisition”) and the Company proposes to undertake the proposed establishment and implementation of the share grant scheme (“SGS” or the “Scheme”) involving up to 15% of the total number of issued shares of the Company (“Minda Global Shares” or the “Shares”) (“SGS Shares”) (excluding treasury shares) for eligible directors and employees of Minda Global and its subsidiaries (“Group”) (excluding dormant subsidiaries) (“Proposed SGS”).

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.

14. Capital Commitment

On 10 June 2022, the Group entered into conditional sale and purchase agreement to purchase land and buildings located at Persiaran Bestari, Cyber II, 63000 Cyberjaya, Selangor for a total purchase consideration of RM180.0 million.

	The Group	
	30.06.22	30.06.21
	RM'000	RM'000
Approved and contracted for		
- the purchase of property	180,000	-

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NOTES TO THE FINANCIAL STATEMENTS

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA'S LISTING REQUIREMENTS

15. Review of Performance

Variation of results against previous corresponding quarter

The Group posted a higher profit before tax for 3 months ended 30 June 2022 of RM0.54 million as compared to a loss before tax of RM0.12 million for 3 months ended 30 June 2021 on the back of higher revenue recorded as compared with corresponding quarter last year.

	Quarter ended 30.06.22 RM'000	Quarter ended 30.06.21 RM'000	% of change	Cumulative 6 months ended 30.06.22 RM'000	Cumulative 6 months ended 30.06.21 RM'000	% of change
Revenue	28,670	23,714	21%	55,529	48,440	15%
Profit before tax	544	(117)	565%	1,960	524	274%

Quarterly revenue expanded 21% to RM28.7 million, from RM23.7 million recorded in the previous corresponding quarter mainly driven by higher active student numbers.

The increase in revenue for the current 6 months period and the divestment of Minda Global International Education Sdn Bhd has contributed to the higher profit before tax recorded for the period under review.

Variation of results against the preceding quarter

	Quarter ended 30.06.22 RM'000	Quarter ended 31.03.22 RM'000	% of change
Revenue	28,670	26,859	7%
Profit before tax	544	1,416	-62%

The Group recorded higher revenue of RM28.7 million, represents an increase of 7% from the preceding quarter. However, the preceding quarter recorded a higher profit before tax against current quarter mainly due to the gain arising from the divestment of Minda Global International Education Sdn Bhd, which was our K-12 Education sector.

16. Commentary on Prospects

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

In the FY 2021, the Group has successfully implemented our Strategic Turnaround Plan and firmly established ourselves on a strong financial footing. The Plan focused on restructuring the business, rebranding the institutions and refining our product offerings. We have more than doubled our total active student population since end FY2017 which resulted in the highest ever revenue of RM107.9m and posted a first ever Full-Year Profit of RM3.5m.

Following from the successful FY2021, the Group will enter into a new strategic phase focusing on Earnings growth by widening our product base including education

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pathways, and customer satisfaction as the primary drivers while retaining a key focus on cost control efforts.

The rebranding exercise carried out in 2021 whereby the colleges were rebranded and integrated into our flagship institution – University of Cyberjaya, will enable the Group to further leverage our centralized domain expertise to better add value to the Academic and Sales functions of our fast-growing colleges.

17. 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 30.06.22 RM'000	Quarter ended 30.06.21 RM'000	Cumulative 6 months ended 30.06.22 RM'000	Cumulative 6 months ended 30.06.21 RM'000
Income tax	(13)	(13)	(13)	(22)
Deferred tax	13	302	36	609
	<u>-</u>	<u>289</u>	<u>23</u>	<u>587</u>

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

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 June 2022.

	30.06.22 RM'000	31.12.21 RM'000
Current:		
Overdraft facilities	-	62
Term loan	3,192	-
Lease liabilities	14,653	14,421
	<u>17,845</u>	<u>14,483</u>
Non-current:		
Term loan	14,198	17,390
Lease liabilities	125,711	130,539
	<u>139,909</u>	<u>147,929</u>
	<u>157,754</u>	<u>162,412</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.

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20. Proposed dividend

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

21. Earnings per Share**Basic profit per ordinary share**

The basic profit per ordinary share for the current quarter and cumulative year is calculated based on the profit attributable to ordinary shareholders and the number of ordinary shares of 1,321,905,790 (31.12.2021:1,321,905,790).

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

	Current Period		Cumulative Quarter	
	Quarter ended		6 months ended	
	30.06.22	30.06.21	30.06.22	30.06.21
	RM'000	RM'000	RM'000	RM'000
Results from operating activities is arrived at after charging/(crediting):				
• Amortisation of intangible assets	51	143	104	301
• Depreciation of property and equipment	1,909	1,839	3,899	3,714
• Depreciation of right-of-use assets	3,473	2,830	6,799	5,670
• Gain on disposal of property and equipment	-	-	-	4
• Gain on disposal of subsidiary	-	-	(1,320)	(51)
• Interest expense	2,327	3,062	5,022	6,143
• Interest income	(7)	(3)	(8)	(5)
• Rental income	(246)	(240)	(477)	(465)

BY ORDER OF THE BOARD

Date: 29 August 2022