

**MindChamps PreSchool Limited
and its Subsidiary Corporations**
(Incorporated in Singapore)
(Company Registration No: 200814577H)

**Condensed Interim Financial Statements
For the six months ended 30 June 2024**

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MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

	Note	6 months ended		+/- %
		30 Jun 24 \$'000	30 Jun 23 \$'000	
Revenue	4	34,424	35,209	(2%)
Cost of sales		(15,961)	(15,444)	3%
Gross profit		18,463	19,765	(7%)
Other income				
- Interest income		124	25	N.M.
- Others		215	1,856	(88%)
		339	1,881	(82%)
Other gains and losses				
- Gain from divestment of subsidiary corporations		-	2,940	N.M.
- Impairment loss on financial assets		(88)	(12)	N.M.
- Other (losses) / gains – net		(9)	6	N.M.
Expenses				
- Administrative		(15,340)	(14,543)	5%
- Finance		(956)	(1,089)	(12%)
- Marketing		(697)	(706)	(1%)
Share of losses from associates and joint ventures		(210)	(228)	(8%)
Profit before income tax		1,502	8,014	(81%)
Income tax expense	7	(107)	(760)	(86%)
Net profit		1,395	7,254	(81%)
Other comprehensive income / (loss):				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences arising from consolidation – income / (loss)		35	(726)	N.M.
Total comprehensive income		1,430	6,528	(78%)
Profit attributable to:				
Equity holders of the Company		1,360	7,146	(81%)
Non-controlling interests		35	108	(68%)
		1,395	7,254	(81%)
Total comprehensive income attributable to:				
Equity holders of the Company		1,395	6,420	(78%)
Non-controlling interests		35	108	(68%)
		1,430	6,528	(78%)
Earnings per share for net profit attributable to equity holders of the Company				
- Basic earnings per share (cents per share)		0.56	2.94	
- Diluted earnings per share (cents per share)		0.56	2.94	

The accompanying notes form an integral part of these financial statements.

MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

COMMENTARY ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

6 months ended 30 June 2024 ("1H 2024") and 30 June 2023 ("1H 2023")

- (1) For the 6 months ended 30 June 2024, the Group recorded a profit before tax of \$1.5 million in 1H 2024, a decrease of approximately \$6.5 million from \$8.0 million in 1H 2023 and a profit after tax of \$1.4 million in 1H 2024, a decrease of approximately \$5.9 million from \$7.3 million in 1H 2023.
- (2) Revenue decreased by approximately \$0.8 million or 2%, from \$35.2 million in 1H 2023 to \$34.4 million in 1H 2024. The decrease was mainly attributable to:
 - (a) a decrease of \$2.7 million in exclusive territory business sales;
 - (b) an increase of \$1.0 million was mainly attributable to the reclassification of service income from other income to revenue in 1H 2024;
 - (c) an increase of \$0.6 million in school fees was mainly attributable to the increase in preschool fees; and
 - (d) an increase of \$0.3 million in royalty revenue was mainly attributable to the increase in preschool fees.
- (3) Cost of sales increased by approximately \$0.5 million or 3% from \$15.4 million in 1H 2023 to \$16.0 million in 1H 2024. The increase was mainly attributable to:
 - (a) an increase of \$0.2 million in centre teachers' costs in 1H 2024; and
 - (b) an increase of \$0.2 million in centre meal, event and excursion expenses.
- (4) Other income decreased by approximately \$1.6 million or 82% from \$1.9 million in 1H 2023 to \$0.3 million in 1H 2024. The decrease was mainly attributable to the reclassification of service income from other income to revenue in 1H 2024.
- (5) Gain from divestment of subsidiary corporations decreased by \$2.9 million from \$2.9 million in 1H 2023 to \$Nil in 1H 2024. There was no divestment of subsidiary corporations in 1H 2024.
- (6) Administrative expenses increased by approximately \$0.8 million or 6% from \$14.5 million in 1H 2023 to \$15.3 million in 1H 2024. The increase was mainly attributable to:
 - (a) an increase of \$0.3 million in centre cleaning, repair and maintenance expenses;
 - (b) an increase of \$0.3 million in amortisation of intangible assets; and
 - (c) an increase of \$0.2 million in insurance expenses.
- (7) Finance expenses decreased \$0.1 million, or 12%, from \$1.1 million in 1H 2023 to \$1.0 million in 1H 2024 due to reduction in borrowings resulting from repayment of existing borrowings in 1H 2024.
- (8) Currency translation arising from consolidation decreased by approximately \$0.7 million, from a loss of \$0.7 million in 1H 2023 to \$Nil in 1H 2024. These exchange differences arose from the translation of financial statements of the Group's Australian operations whose functional currencies are different from the Group's presentation currency.

MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Consolidated Statement of Financial Position – Group

As at 30 June 2024

	Note	30 Jun 2024	31 Dec 2023
		\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents		5,283	7,731
Trade and other receivables		15,688	16,252
Inventories		547	571
Lease receivables		244	271
		<u>21,762</u>	<u>24,825</u>
Non-current assets			
Property, plant and equipment		22,230	25,260
Intangible assets	9	74,934	76,010
Trade and other receivables		5,546	4,116
Deferred income tax assets		1,694	1,696
Investments in associates	12	88	100
Investments in joint ventures	13	9,001	6,238
		<u>113,493</u>	<u>113,420</u>
Total assets		<u>135,255</u>	<u>138,245</u>
LIABILITIES			
Current liabilities			
Trade and other payables		19,258	21,651
Contract liabilities		4,244	2,345
Borrowings	10	7,460	7,419
Lease liabilities		5,107	5,468
Current income tax liabilities		504	650
		<u>36,573</u>	<u>37,533</u>
Non-current liabilities			
Borrowings	10	8,973	10,211
Lease liabilities		15,315	17,527
Deferred income tax liabilities		-	36
Provision for reinstatement costs		829	803
		<u>25,117</u>	<u>28,577</u>
Total liabilities		<u>61,690</u>	<u>66,110</u>
NET ASSETS		<u>73,565</u>	<u>72,135</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	11	49,530	49,530
Currency translation reserve		(7,878)	(7,913)
Other reserve		(950)	(950)
Retained profits		33,078	31,718
		<u>73,780</u>	<u>72,385</u>
Non-controlling interests		<u>(215)</u>	<u>(250)</u>
TOTAL EQUITY		<u>73,565</u>	<u>72,135</u>

The accompanying notes form an integral part of these financial statements.

COMMENTARY ON THE CONSOLIDATED BALANCE SHEET

(1) Current assets

The Group's current assets decreased by approximately \$3.2 million or 12%, from \$24.8 million as at 31 December 2023 to \$21.7 million as at 30 June 2024. The decrease in the Group's current assets was mainly attributable to a decrease in cash and cash equivalents resulting from the repayments of borrowings and lease liabilities.

(2) Non-current assets

The Group's non-current assets increased by approximately \$0.1 million, from \$113.4 million as at 31 December 2023 to \$113.5 million as at 30 June 2024. The increase in the Group's non-current assets was mainly attributable to:

- (a) investment in joint ventures of \$2.8 million;
- (b) increase in non-current trade and other receivables of \$1.4 million;
- (c) depreciation of property, plant and equipment of \$3.2 million; and
- (d) amortisation of intangible assets of \$0.9 million.

(3) Current liabilities

The Group's current liabilities decreased by approximately \$0.9 million or 3%, from \$37.5 million as at 31 December 2023 to \$36.6 million as at 30 June 2024. The decrease in the Group's current liabilities was mainly attributable to:

- (a) decrease in trade and other payables of \$2.4 million;
- (b) increase in contract liabilities resulting from sale of franchise licenses in Australia of \$1.9 million for which performance obligations have yet to be satisfied; and
- (c) decrease in current lease liabilities of approximately \$0.4 million resulting from the repayments of lease liabilities.

(4) Non-current liabilities

The Group's non-current liabilities decreased by approximately \$3.5 million or 12%, from \$28.6 million as at 31 December 2023 to \$25.1 million as at 30 June 2024. The decrease in the Group's non-current liabilities was mainly attributable to the decrease in non-current borrowings of approximately \$1.2 million and the decrease in non-current lease liabilities of approximately \$2.2 million resulting from the repayments of borrowings and lease liabilities.

MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Statement of Financial Position – Company

As at 30 June 2024

	30 Jun 2024	31 Dec 2023
	\$'000	\$'000
ASSETS		
Current assets		
Cash and cash equivalents	2,461	2,680
Trade and other receivables	13,899	13,691
Inventories	16	4
Lease receivables	467	802
	<u>16,843</u>	<u>17,177</u>
Non-current assets		
Property, plant and equipment	671	1,028
Intangible assets	1,199	1,613
Trade and other receivables	2,996	2,938
Deferred income tax assets	113	113
Investments in subsidiary corporations	81,677	81,677
Investments in associates	88	100
	<u>86,744</u>	<u>87,469</u>
Total assets	<u>103,587</u>	<u>104,646</u>
LIABILITIES		
Current liabilities		
Trade and other payables	7,249	35,521
Contract liabilities	3	-
Borrowings	6,846	6,346
Lease liabilities	737	1,244
	<u>14,835</u>	<u>43,111</u>
Non-current liabilities		
Borrowings	7,821	8,994
Lease liabilities	-	53
Provision for reinstatement costs	46	44
	<u>7,867</u>	<u>9,091</u>
Total liabilities	<u>22,702</u>	<u>52,202</u>
NET ASSETS	<u>80,885</u>	<u>52,444</u>
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	49,530	49,530
Retained profits	31,355	2,914
	<u>80,885</u>	<u>52,444</u>
TOTAL EQUITY	<u>80,885</u>	<u>52,444</u>

The accompanying notes form an integral part of these financial statements.

MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Attributable to equity holders of the Company				Non-controlling interests	Total	
	Share capital	Currency translation reserve	Other reserve	Retained profits			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
30 June 2024							
As at 1 January 2024	49,530	(7,913)	(950)	31,718	72,385	(250)	72,135
Total comprehensive profit for the financial period	-	35	-	1,360	1,395	35	1,430
As at 30 June 2024	49,530	(7,878)	(950)	33,078	73,780	(215)	73,565
30 June 2023							
As at 1 January 2023	49,301	(6,775)	-	26,286	68,812	(510)	68,302
Share-based payment transactions	229	-	-	-	229	-	229
Total comprehensive profit for the financial period	-	(726)	-	7,146	6,420	108	6,528
As at 30 June 2023	49,530	(7,501)	-	33,432	75,461	(402)	75,059

The accompanying notes form an integral part of these financial statements.

MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Statement of Changes in Equity - Company

For the six months ended 30 June 2024

	Attributable to equity holders of the Company		
	Share capital	Retained profits	Total
	\$'000	\$'000	\$'000
30 June 2024			
As at 1 January 2024	49,530	2,914	52,444
Total comprehensive profit for the financial period	-	28,441	28,441
As at 30 June 2024	49,530	31,335	80,885
30 June 2023			
As at 1 January 2023	49,301	3,957	53,258
Share-based payment transactions	229	-	229
Total comprehensive profit for the financial period	-	1,581	1,581
As at 30 June 2023	49,530	5,538	55,068

The accompanying notes form an integral part of these financial statements.

MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Note	6 months ended	
		30 Jun 2024 \$'000	30 Jun 2023 \$'000
Cash flows from operating activities			
Net profit		1,395	7,254
Adjustments for:			
- Amortisation of intangible assets		951	638
- Depreciation of property, plant and equipment		3,155	3,409
- Gain from divestment of subsidiary corporations		-	(2,940)
- Gain on disposal of property, plant and equipment		2	-
- Interest expense		956	1,089
- Impairment of financial assets		88	12
- Interest income		(124)	(25)
- Income tax expense	7	107	760
- Share of losses of associates and joint ventures		210	228
- Unrealised currency translation gains		31	-
		<u>6,771</u>	<u>10,425</u>
Change in working capital, net of effects from acquisitions of subsidiary corporations and divestment of subsidiary corporations:			
- Contract liabilities		1,899	141
- Inventories		24	9
- Trade and other receivables		(927)	(10,651)
- Trade and other payables		(2,367)	6,209
Cash generated from operations		<u>5,400</u>	<u>6,133</u>
Income tax paid		(289)	-
Net cash provided by operating activities		<u>5,111</u>	<u>6,133</u>
Cash flows from investing activities			
Additions to intangible assets		-	(408)
Additions to property, plant and equipment		(261)	(349)
Proceeds from divestment of subsidiary corporations		-	5,106
Interest received		124	25
Investment in joint ventures	13	(2,835)	-
Net cash (used in) / provided by investing activities		<u>(2,972)</u>	<u>4,374</u>

The accompanying notes form an integral part of these financial statements.

MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	6 months ended	
	30 Jun 2024	30 Jun 2023
	\$'000	\$'000
Cash flows from financing activities		
Interest paid for loans and leases	(956)	(1,019)
Repayment of term loans	(1,198)	(9,247)
Repayment of principal amount of lease liabilities	(2,572)	(2,848)
Net cash used in financing activities	(4,726)	(13,114)
Net decrease in cash and cash equivalents	(2,587)	(2,607)
Cash and cash equivalents		
Beginning of the financial period	5,731	6,880
Effects of currency translation on cash and cash equivalents	139	(30)
End of the financial period	3,283	4,243
	30 Jun 2024	30 Jun 2023
	\$'000	\$'000
Cash and cash equivalents in the consolidated statement of financial position	5,283	3,595
Add: Bank balances in the reserve account	-	2,648
Less: Fixed deposit pledged	(2,000)	-
Less: Bank overdraft	-	(2,000)
Cash and cash equivalents in the consolidated statement of cash flows	3,283	4,243

The accompanying notes form an integral part of these financial statements.

MindChamps PreSchool Limited and its Subsidiary Corporations

Condensed Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

COMMENTARY ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

6 months ended 30 June 2024 ("1H 2024")

The Group's cash and cash equivalents in the consolidated statement of cash flows decreased by \$2.4 million, from \$7.7 million as at 31 December 2023 to \$5.3 million as at 30 June 2024.

Major cash inflow in 1H 2024 was:

- (a) net cash provided by operating activities of approximately \$5.1 million.

Major cash outflows in 1H 2024 were:

- (a) repayments of the principal element of borrowings of approximately \$1.2 million;
- (b) repayments of principal element of lease payments in relation to the leasing of preschool centres and corporate offices of approximately \$2.6 million;
- (c) repayments of interest in relation to existing borrowings and lease payments of \$1.0 million;
- (d) investment in joint ventures of \$2.8 million; and
- (e) payments in relation to the addition of property, plant and equipment of \$0.3 million.

1 General information

MindChamps PreSchool Limited (the “Company”) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2024 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Company are those relating to childcare services and investment holding.

The principal activities of the Group are:

- (a) Provision of childcare services;
- (b) Franchising of childcare services for preschool children;
- (c) Commercial school offering higher education services;
- (d) Business and management consultancy services and investment holding;
- (e) Asset management;
- (f) Operation and management of preschool centres;
- (g) Music, dancing, art, speech and drama instruction; and
- (h) Childcare enrolment services.

2 Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with *SFRS(I) 1-34 Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements for the year ended 31 December 2023.

The accounting policies and method of computation adopted are consistent with the most recently audited financial statements for the year ended 31 December 2023 which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollars (\$) which is the Company’s functional currency.

Going concern assumption

As at 30 June 2024, the Group and the Company were in net current liabilities position of \$14.8 million and net current assets position of \$2.0 million respectively.

This represents the existence of conditions that may cast significant doubt about the Group’s ability to continue as going concerns. Nevertheless, the financial statements are prepared on a going concern basis taking into consideration the following:

- (a) Excluding:
 - (i) the Group’s net current lease liabilities of \$5.1 million (the rent commitment for the next 12 months post statement of financial position date which will be funded by the business performance or earned for the same period);
 - (ii) the Group’s current contract liabilities of \$4.2 million (the deferred revenue for the next 12 months post statement of financial position date which will be recognised by the business performance or earned for the same period);

Other Information Required by Listing Rule Appendix 7.2

2 Basis of preparation (Continued)

Going concern assumption (continued)

(a) Excluding: (continued)

(iii) the Group's related party payables of \$2.5 million within the Group (the treasury management function is centrally managed within the Group, where the related party repayments are at the Group's sole discretion and assessment);

(iv) the Group's current non-financial assets (inventories and prepayments) of \$1.1 million; and

(v) the Group's deposits received from customers of \$3.6 million for unit franchise fees which is not refundable,

the Group would have recorded an adjusted net current liabilities of \$0.5 million.

(b) The Board and the management have deliberated the Group's business plans and operation budgets and are of the view that the Group is able to generate positive operating cash flows at least for the next twelve months.

2.1 New and amended standards adopted by the Group

There were no new or amended standards that have become applicable to the Group in relation to the current reporting period.

2.2 Use of judgements and estimates

In the process of applying the Group's accounting policies, there is no instance of application of judgement resulting in significant updates since the last audited financial statements as at 31 December 2023 which will result in significant effects to amounts recognised in the condensed consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk or result in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in Note 9(a) – impairment of goodwill.

3 Seasonal operations

We have experienced, and expect to continue to experience, seasonal fluctuations in our results of operations, primarily due to seasonal changes in student enrolments. The number of students at our preschool centres in Singapore and Australia is typically the lowest at the start of each calendar year, due to the graduation of kindergarten 2 students at the end of the preceding year, before gradually being replaced over the course of the year by new enrolments. As our revenue is directly affected by the headcount of students at our preschool centres, such seasonal fluctuations in student enrolments generally give rise to a corresponding seasonal fluctuation in our revenue over the course of a year.

4 Segment and revenue information

The Key Management ("KM") is the Group's chief decision-maker. The KM comprises the Founder Chief Executive Officer & Executive Chairman, the Chief Financial Officer, and the Global Chief Brand Officer and Chief Operating Officer.

4 Segment and revenue information (Continued)

The KM considers the business from both a geographic and business segment perspective. Geographically, the KM manages and monitors the business in the two primary geographic areas namely, Singapore and Australia. From a business segment perspective, the KM separately considers the education and franchise activities in these geographic areas.

Operating segments that have similar economic characteristics and similar nature of products and services are aggregated into a single reportable segment. The following summary describes the operations in each of the Group's reportable segments:

(i) *Education*

Provision of childcare, education and learning related services for preschool children.

(ii) *Franchise*

Franchising of childcare services and enrichment classes.

(iii) *Corporate*

Provision of administrative support services, exclusive territory business sales and corporate office.

(iv) *Others*

Provision of commercial schools offering higher education programmes, business and management consulting services.

MindChamps PreSchool Limited and its Subsidiary Corporations

Other Information Required by Listing Rule Appendix 7.2

4 Segment and revenue information (Continued)

4.1 Reportable segments

The segment information provided to the KM for the reportable segments are as follows:

	Singapore				Australia				Group Total S'000
	Education S'000	Franchise S'000	Corporate S'000	Others S'000	Education S'000	Franchise S'000	Corporate S'000	Others S'000	
6 months ended 30 Jun 2024									
Sales									
Total segment sales	2,800	6,334	-	-	19,505	2,217	5,282	1,268	37,406
Inter-segment sales	1	-	(384)	-	-	(1,959)	-	(640)	(2,982)
Sales to external parties	2,801	6,334	(384)	-	19,505	258	5,282	628	34,424
EBITDA	1,118	(228)	(437)	2	2,624	(1,488)	5,282	(433)	6,440
As at 30 Jun 2024									
Segment assets	4,404	4,337	17,500	824	64,937	41,744	-	1,509	135,255
Segment liabilities	(3,971)	(34)	(26,278)	(39)	(22,962)	(7,969)	-	(437)	(61,690)
6 months ended 30 Jun 2023									
Sales									
Total segment sales	3,502	5,037	4,655	-	18,407	(344)	3,296	1,291	35,844
Inter-segment sales	-	(344)	-	-	(291)	-	-	-	(635)
Sales to external parties	3,502	4,693	-	-	18,116	(344)	3,296	1,291	35,209
EBITDA	38	5,224	3,334	137	3,714	(2,777)	3,296	159	13,125
As at 30 Jun 2023									
Segment assets	5,552	1,309	37,071	1,204	65,431	25,157	-	7,295	143,019
Segment liabilities	(5,633)	(14,669)	(23,669)	(35)	(16,661)	(5,312)	-	(1,981)	(67,960)

Other Information Required by Listing Rule Appendix 7.2

4 Segment and revenue information (Continued)

4.1 Reportable segments (Continued)

(a) *Reconciliation*

Segment profit

A reconciliation of EBITDA to profit before income tax is as follows:

	6 months ended	
	30 Jun 2024	30 Jun 2023
	\$'000	\$'000
EBITDA for reportable segments	6,440	13,125
Depreciation of property, plant and equipment	(3,155)	(3,409)
Amortisation of intangible assets	(951)	(638)
Finance expenses	(956)	(1,089)
Interest income	124	25
Profit before income tax	1,502	8,014

(b) *Revenue from major services*

Revenues from external customers are mainly school fees, royalty fees and franchise income. The breakdown of the revenue from the respective segment is as follows:

	6 months ended	
	30 Jun 2024	30 Jun 2023
	\$'000	\$'000
<u>Revenue</u>		
Education	22,306	21,618
Franchise	6,592	4,349
Corporate	5,282	7,951
Others	244	1,291
	34,424	35,209

Other Information Required by Listing Rule Appendix 7.2

4 Segment and revenue information (Continued)

4.2 Disaggregation of Revenue (Continued)

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major revenue streams and geographical regions. Revenue is attributed to countries by source of revenue generation.

	At a point in time \$'000	Group over time \$'000	Total \$'000
6 months ended 30 Jun 2024			
Singapore			
- School fees	-	2,644	2,644
- Royalty fees	-	4,507	4,507
- Franchise income	41	-	41
- Sale of merchandise	454	-	454
- Others	1,105	-	1,105
Sales to external parties	<u>1,600</u>	<u>7,151</u>	<u>8,751</u>
Australia			
- School fees	-	19,456	19,456
- Royalty fees	-	217	217
- Exclusive business sale	5,282	-	5,282
- Sale of merchandise	1	-	1
- Management service income	29	-	29
- Commission income	629	-	629
- Others	59	-	59
Sales to external parties	<u>6,000</u>	<u>19,673</u>	<u>25,673</u>
Total	<u>7,600</u>	<u>26,824</u>	<u>34,424</u>
6 months ended 30 Jun 2023			
Singapore			
- School fees	-	3,460	3,460
- Royalty fees	-	4,221	4,221
- Franchise income	200	-	200
- Exclusive business sale	4,655	-	4,655
- Sale of merchandise	283	-	283
- Others	31	-	31
Sales to external parties	<u>5,169</u>	<u>7,681</u>	<u>12,850</u>
Australia			
- School fees	-	18,087	18,087
- Royalty fees	-	199	199
- Exclusive business sale	3,296	-	3,296
- Sale of merchandise	13	-	13
- Management service income	26	-	26
- Commission income	709	-	709
- Others	29	-	29
Sales to external parties	<u>4,073</u>	<u>18,286</u>	<u>22,359</u>
Total	<u>9,242</u>	<u>25,967</u>	<u>35,209</u>

Other Information Required by Listing Rule Appendix 7.2

5 Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2024 and 31 December 2023:

	Group		Company	
	30 Jun 2024 \$'000	31 Dec 2023 \$'000	30 Jun 2024 \$'000	31 Dec 2023 \$'000
Financial assets, at amortised cost	26,121	27,472	19,733	19,994
Financial liabilities, at amortised cost	55,113	62,276	22,656	52,158

6 Profit before income tax

6.1 Significant items

	6 months ended	
	30 Jun 2024 \$'000	30 Jun 2023 \$'000
Income		
Service income	-	1,262
Government grants	215	165
Expenses		
Amortisation of intangible assets	951	638
Depreciation of property, plant and equipment	3,155	3,409
Employee compensation	21,248	21,001
Interest expenses:		
- Lease liabilities	481	387
- Term loans	437	632
- Miscellaneous	38	70

6.2 Related party transactions

	Group and Company 6 months ended	
	30 Jun 2024 \$'000	30 Jun 2023 \$'000
Sale to Joint Ventures		
- Exclusive Territory Business Sales	5,283	7,987

The Group had no material related party transactions apart from the above and those already disclosed in the audited 31 December 2023 financial statements.

Other Information Required by Listing Rule Appendix 7.2

7 Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group and Company	
	6 months ended	
	30 Jun 2024	30 Jun 2023
	\$'000	\$'000
Current income tax expenses	142	629
Deferred income tax expense relating to the origination and reversal of temporary differences	(35)	131
	107	760

8 Net asset value

	Group		Company	
	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023
Net asset value per ordinary share (cents)	30	30	33	22

9 Intangible assets

	Group		Company	
	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023
	\$'000	\$'000	\$'000	\$'000
<u>Composition</u>				
Goodwill arising on consolidation (Note(a))	71,083	71,206	-	-
Student base	1,451	1,658	-	-
Courseware				
Development cost	2,194	2,880	994	1,349
Computer software licenses	204	254	203	252
Copyrights	2	12	2	12
	74,934	76,010	1,199	1,613

Other Information Required by Listing Rule Appendix 7.2

9 Intangible assets (Continued)

(a) Goodwill arising on consolidation

	Group	
	30 Jun 2024 \$'000	31 Dec 2023 \$'000
<u>Cost</u>		
Beginning of the financial period / year	71,833	75,718
Divestment of subsidiary corporations	-	(3,118)
Write off for the year	-	(80)
Currency translation differences	(124)	(687)
End of financial period / year	<u>71,709</u>	<u>71,833</u>
<u>Accumulated impairment</u>		
Beginning of the financial period / year	627	632
Currency translation differences	(1)	(5)
End of financial period / year	<u>626</u>	<u>627</u>
Net book value	<u>71,083</u>	<u>71,206</u>

Impairment tests for goodwill

Goodwill that has an indefinite useful life are not subject to amortisation and are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. The Group performed its annual impairment test as at 31 December 2023. The key assumptions used to determine the recoverable amount for the CGU were disclosed in the annual consolidated financial statements for the year ended 31 December 2023. No impairment indicators were identified as at 30 June 2024 based on the allocated CGUs' business performance.

10 Borrowings

	Group	
	30 Jun 2024 \$'000	31 Dec 2023 \$'000
Secured		
Amount repayable in one year or less, or on demand		
- Revolving credit	4,500	4,000
- Term loan	2,960	3,419
	<u>7,460</u>	<u>7,419</u>
Amount repayable after One year		
- Term loan	8,973	10,211
	<u>16,433</u>	<u>17,630</u>

Details of collaterals

The Group's borrowings consist of term loans and are secured by fixed deposit and corporate guarantee by the following subsidiary corporations:

- MindChamps Early Learning Australia Pty. Limited
- MindChamps PreSchool Singapore Pte. Limited

Other Information Required by Listing Rule Appendix 7.2

11 Share capital

	Group and Company			
	30 Jun 2024		31 Dec 2023	
	No. of ordinary shares issued (‘000)	Amount \$’000	No. of ordinary shares issued (‘000)	Amount \$’000
Beginning of the financial period	242,871	49,530	241,600	49,301
Addition during the period	-	-	1,271	229
End of the financial period	242,871	49,530	242,871	49,530

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

The Company did not have any outstanding options, rights, subsidiary holdings, convertibles or treasury shares as at 30 June 2024 and 31 December 2023.

12 Investment in associates

	Group and Company	
	30 Jun 2024 \$’000	31 Dec 2023 \$’000
<i>Equity accounting</i>		
Beginning of the financial period / year	100	122
Additions	*	-
Share of losses for the financial period / year	(12)	(22)
End of the financial period / year	88	100

* Less than \$1,000.

Acquisition of an associate company, Arium School of Arts and Sciences Pte. Ltd.

On 8 March 2024, the Group through its wholly owned subsidiary, Champion Mindset Academy Pte Limited (“CMA”) and a related party, MindChamps Academy Pte. Limited, have entered into a share purchase agreement to jointly acquire a total of 60% of the total issued ordinary shares of Arium School of Arts And Sciences Pte. Ltd. (“Arium”) for a total consideration of S\$2.00. CMA acquires 30% of the ordinary shares of Arium for a total consideration of S\$1.00.

Other Information Required by Listing Rule Appendix 7.2

13 Investment in joint ventures

	Group and Company	
	30 Jun 2024	31 Dec 2023
	\$'000	\$'000
<i>Equity accounting</i>		
Beginning of the financial period / year	6,238	1,035
Additions	2,835	6,607
Transfer	-	(936)
Share of losses for the financial period / year	(198)	(415)
Currency translation differences	126	(53)
End of the financial period / year	9,001	6,238

Set out below are the new joint ventures of the Group as at 30 June 2024:

Name of entity	Place of business / country of incorporation	% of effective ownership Interest 30 Jun 2024	% of effective ownership Interest 31 December 2023
<u>Held by the Group</u>			
MCMF South Australia Pty Ltd ^(a)	Australia	45	-
QLD MF Pty Ltd ^(b)	Australia	50	-

(a) On 17 January 2024, the Group entered into a joint venture agreement with Holywell Pty Ltd ("Holywell") through its newly incorporated subsidiary MindChamps SA Pty Ltd to incorporate a joint venture company, MCMF South Australia Pty Ltd ("MCMF"). The total issued capital of MCMF is AU\$1.5 million, of which MindChamps SA Pty Ltd holds 50% and Holywell holds 50%. The Group's subsidiary corporation acquired 750,000 ordinary shares in MCMF for a total consideration of A\$750,000 (approximately S\$675,000). The principal activity of MCMF is the franchising of MindChamps Early Learning & PreSchool centres in South Australia.

(b) On 27 June 2024, the Group, through its wholly-owned subsidiary MindChamps Early Learning Australia Pty. Limited and together with Lynswag Pty. Limited ("Lynswag"), have incorporated a joint venture company, QLD MF Pty. Limited ("QLDMF") in Australia. The total issued capital of QLDMF is AU\$4,800,000, of which, the Group holds 50% and Lynswag holds 50% of the paid-up share capital respectively. The Group's subsidiary corporation acquired 24,000 ordinary shares in QLDMF for a total consideration of A\$2,400,000 (approximately S\$2,160,000). The principal activity of QLDMF is the franchising of MindChamps Early Learning & PreSchool centres in Queensland, Australia.

(c) There are no contingent liabilities relating to the Group and Company's interest in the above joint ventures.

13 Contingent liabilities

There are no material contingent liabilities apart from those already disclosed in the audited 31 December 2023 financial statements.

14 Subsequent events

There are no known subsequent events which led to adjustments to this set of interim financial statements.

Other Information Required by Listing Rule Appendix 7.2

OTHER INFORMATION

1 Review

The condensed consolidated statement of financial position of MindChamps PreSchool Limited and its subsidiary corporations as at 30 June 2024 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2 Review of performance of the Group

Please refer to the interim financial statements of the Group for the six-month period ended 30 June 2024 on pages 2 to 11.

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

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

4 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) 2024/2025's Outlook

The Company continues to experience workforce shortages amid rising costs and salaries. In navigating through these challenges, the Company is focused on maintaining a diligent cost management system and increasing occupancy across all centres to maintain a healthy balance sheet.

As the Company continues to ride on the good momentum established in the past years on our franchise sales expansion, the joint ventures and the exclusive territory business sale in Queensland and South Australia (please refer to note 13(a) and (b)) are positive results derived from these strategies.

The Company will continue to expand its franchise sales overseas, with a higher focus on Australia, to deliver a more sustainable growth trajectory in the coming years.

OTHER INFORMATION (Continued)

5 If a decision regarding dividend has been made:-

(a) Current financial period reported on

No dividends are recommended in the current reported financial period.

(b) Corresponding period of the immediate preceding financial year

No dividends were recommended in the immediate preceding reported financial year.

(c) The date the dividend is payable

Not applicable.

(d) Books Closure Date

Not applicable.

6 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 current reported financial period as the Company intends to retain the profits generated in the current financial period for operational needs.

7 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.

8 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) of the Listing Manual of the SGX-ST.

9 Review of performance of the Group – turnover and earnings

Please refer to the interim financial statements of the Group for the six-month period ended 30 June 2024 pages 2 -11.

10 Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

Pursuant to Rule 704(13) of the Listing Manual, The Company confirms that there are no persons occupying a managerial position in the Company or in any of its principal subsidiary corporations who are a relative of a director, chief executive officer or substantial shareholder of the Company.

OTHER INFORMATION (Continued)

11 Negative assurance confirmations on interim financial results pursuant to SGX Listing Rule 705(5) of the Listing Manual.

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our 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.

On behalf of the Board of Directors

**Mr. David Chiem Phu An
Executive Chairman**

BY ORDER OF THE BOARD

**Yeo Hui Leng
Company Secretary
13 August 2024**