



**MINDCHAMPS PRESCHOOL LIMITED**  
(Company Registration Number: 200814577H)  
(Incorporated in Singapore)

DBS Bank Ltd. was the sole issue manager, bookrunner and underwriter (the "**Sole Issue Manager, Bookrunner and Underwriter**") for the initial public offering of shares in, and listing of, the Company on the Mainboard of the SGX-ST in November 2017. The Sole Issue Manager, Bookrunner and Underwriter assumes no responsibility for the contents of this announcement.

**UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FOR THE YEAR ENDED 31 DECEMBER 2018**

**1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year**

**Consolidated Statement of Comprehensive Income for the Fourth Quarter and for the Year Ended 31 December 2018**

	Fourth Quarter			Full Year		
	31.12.2018	31.12.2017	+/-	31.12.2018	31.12.2017	+/-
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	14,131	8,317	70%	36,960	22,791	62%
Cost of sales	(5,297)	(1,938)	N.M.	(14,639)	(7,656)	91%
<b>Gross profit</b>	<b>8,834</b>	<b>6,379</b>	<b>38%</b>	<b>22,321</b>	<b>15,135</b>	<b>47%</b>
Other income	794	483	64%	3,427	1,442	N.M.
Expenses						
- Administrative	(5,112)	(3,183)	61%	(16,846)	(9,742)	73%
- Marketing	(305)	(295)	3%	(809)	(560)	44%
<b>Operating profit</b>	<b>4,211</b>	<b>3,384</b>	<b>24%</b>	<b>8,093</b>	<b>6,275</b>	<b>29%</b>
Other loss - net	(68)	(17)	N.M.	(198)	(13)	N.M.
Non-operating expenses						
- Finance	(229)	(55)	N.M.	(576)	(58)	N.M.
- Initial public offering	-	(507)	(100%)	-	(507)	(100%)
- Mergers and acquisitions	(246)	(495)	(50%)	(496)	(495)	-
Share of loss of an associated company and a joint venture	*	-	N.M.	*	-	N.M.
<b>Profit before income tax</b>	<b>3,668</b>	<b>2,310</b>	<b>59%</b>	<b>6,823</b>	<b>5,202</b>	<b>31%</b>
Income tax expense	94	(44)	N.M.	(336)	(312)	8%
<b>Net profit</b>	<b>3,762</b>	<b>2,266</b>	<b>66%</b>	<b>6,487</b>	<b>4,890</b>	<b>33%</b>

*N.M.: Not meaningful*

*\* Less than \$1,000*

**Consolidated Statement of Comprehensive Income for the Fourth Quarter and for the Year Ended 31 December 2018** (continued)

	Fourth Quarter			Full Year		
	31.12.2018 S\$'000	31.12.2017 S\$'000	+/- %	31.12.2018 S\$'000	31.12.2017 S\$'000	+/- %
<b>Other comprehensive income:</b>						
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation - loss	(884)	(205)	N.M.	(2,365)	(212)	N.M.
<b>Total comprehensive income</b>	<b>2,878</b>	<b>2,061</b>	<b>40%</b>	<b>4,122</b>	<b>4,678</b>	<b>(12%)</b>
<b>Profit attributable to:</b>						
Equity holders of the Company	3,668	2,201	67%	6,384	4,565	40%
Non-controlling interests	94	65	45%	103	325	(68%)
	<u>3,762</u>	<u>2,266</u>	<u>66%</u>	<u>6,487</u>	<u>4,890</u>	<u>33%</u>
<b>Total comprehensive income attributable to:</b>						
Equity holders of the Company	2,784	1,996	39%	4,019	4,353	(8%)
Non-controlling interests	94	65	45%	103	325	(68%)
	<u>2,878</u>	<u>2,061</u>	<u>40%</u>	<u>4,122</u>	<u>4,678</u>	<u>(12%)</u>

**1(a)(ii) Net profit is arrived at after accounting for:**

	Fourth Quarter			Full Year		
	31.12.2018 S\$'000	31.12.2017 S\$'000	+/- %	31.12.2018 S\$'000	31.12.2017 S\$'000	+/- %
Amortisation of intangible assets	143	212	(33%)	551	509	8%
Depreciation of property, plant and equipment	217	132	64%	662	421	57%
Reversal of allowance for impairment of trade and other receivables	(99)	(1)	N.M.	(69)	-	N.M.

*N.M.: Not meaningful*

1(b)(i) A statement of financial position (for the Company and the Group), together with a comparative statement as at the end of the immediately preceding financial year.

**Consolidated Balance Sheet**

	<b>Group</b>		<b>Company</b>	
	<b>As at 31.12.2018</b>	<b>As at 31.12.2017 Restated</b>	<b>As at 31.12.2018</b>	<b>As at 31.12.2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	35,437	39,377	23,915	32,803
Trade and other receivables	12,009	7,944	50,870	23,472
Inventories	138	90	-	-
	<u>47,584</u>	<u>47,411</u>	<u>74,785</u>	<u>56,275</u>
<b>Non-current assets</b>				
Property, plant and equipment	1,940	1,327	217	244
Intangible assets	43,953	22,077	1,744	639
Deferred income tax assets	355	388	67	67
Investments in subsidiary corporations	-	-	2,473	8,138
Investment in an associated company	-*	-	-*	-
Investment in a joint venture	-*	-	-*	-
	<u>46,248</u>	<u>23,792</u>	<u>4,501</u>	<u>9,088</u>
<b>Total assets</b>	<u>93,832</u>	<u>71,203</u>	<u>79,286</u>	<u>65,363</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	9,040	5,046	6,516	7,937
Deferred income	2,155	1,635	-	-
Borrowings	5,838	2,315	5,838	2,315
Current income tax liabilities	245	722	-	-
	<u>17,278</u>	<u>9,718</u>	<u>12,354</u>	<u>10,252</u>
<b>Non-current liabilities</b>				
Borrowings	15,088	4,636	15,088	4,636
Deferred income tax liabilities	16	17	-	-
Provision for reinstatement costs	764	164	-	-
	<u>15,868</u>	<u>4,817</u>	<u>15,088</u>	<u>4,636</u>
<b>Total liabilities</b>	<u>33,146</u>	<u>14,535</u>	<u>27,442</u>	<u>14,888</u>
<b>NET ASSETS</b>	<u>60,686</u>	<u>56,668</u>	<u>51,844</u>	<u>50,475</u>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	49,301	49,301	49,301	49,301
Currency translation reserve	(2,540)	(175)	-	-
Retained profits	13,974	7,574	2,543	1,174
	<u>60,735</u>	<u>56,700</u>	<u>51,844</u>	<u>50,475</u>
<b>Non-controlling interests</b>	<u>(49)</u>	<u>(32)</u>	<u>-</u>	<u>-</u>
<b>Total Equity</b>	<u>60,686</u>	<u>56,668</u>	<u>51,844</u>	<u>50,475</u>

\* Less than \$1,000

**1(b)(ii) Aggregate amount of the Group's borrowings and debt securities**

	Group			
	As at 31.12.2018		As at 31.12.2017	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less	6,690	-	2,352	-
Amount repayable after one year	16,300	-	4,711	-
<b>Total</b>	<b>22,990</b>	<b>-</b>	<b>7,063</b>	<b>-</b>

**Details of collaterals**

The Group's borrowings consist of term loan and finance lease liabilities.

The Group's term loans are secured by means of:

- Specific Security Deed in respect of securities over shares in subsidiary corporations, MindChamps Early Learning 1 Pty. Limited (previously known as MindChamps Australia Pty. Ltd.), MindChamps Early Learning 3 Pty. Limited (previously known as MindChamps Early Learning & Care @ Cherrybrook Pty. Limited) and MindChamps Early Learning 4 Pty. Limited (previously known as MindChamps Early Learning & Care @ Eastwood Pty. Limited); and
- Deed of Guarantee and Indemnity for all monies from immediate holding corporation, MindChamps Holdings Pte. Limited.

The Group's finance lease liabilities are effectively secured over the leased motor vehicles, as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

1(c) **A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

**Consolidated Statement of Cash Flows**

	Fourth Quarter		Full Year	
	31.12.2018 S\$'000	31.12.2017 S\$'000	31.12.2018 S\$'000	31.12.2017 S\$'000
<b>Cash flows from operating activities</b>				
Net profit	3,762	2,266	6,487	4,890
Adjustments for:				
- Amortisation of intangible assets	143	212	551	509
- Depreciation of property, plant and equipment	217	132	662	421
- Interest expense	229	55	576	58
- Interest income	(109)	(4)	(429)	(40)
- Income tax expense	(94)	44	336	312
- Initial public offering expenses paid	-	507	-	507
- Mergers and acquisitions expenses	246	495	496	495
- Property, plant and equipment written off	-	-	5	-*
- Share of loss of an associated company and a joint venture	-*	-	-*	-
- Unrealised currency translation losses	141	33	282	17
	4,535	3,740	8,966	7,169
Change in working capital:				
- Trade and other receivables	(1,101)	(1,188)	(4,175)	(2,387)
- Inventories	16	16	(48)	(9)
- Trade and other payables	680	(171)	2,650	2,042
- Deferred income	(86)	(1,163)	504	(876)
Cash generated from operations	4,044	1,234	7,897	5,939
Income tax refund	7	39	7	39
Income tax paid	(51)	-	(763)	(484)
<b>Net cash provided by operating activities</b>	4,000	1,273	7,141	5,494
<b>Cash flows from investing activities</b>				
Additions to property, plant and equipment	(34)	(138)	(395)	(419)
Additions to intangible assets	(151)	(425)	(700)	(723)
Acquisition of a subsidiary corporation, net of cash acquired	-	-	(1,122)	-
Acquisitions of preschool businesses	(2,941)	(16,629)	(22,040)	(16,629)
Acquisitions of non-controlling interests	-	(293)	-	(680)
Acquisitions related expenses paid	(167)	(495)	(492)	(495)
Acquisitions of an associated company and a joint venture	-	-	-*	-
Interest received	193	4	429	40
Provision of an acquisition deposit to a third party	-	-	(2,093)	-
Repayment of an acquisition deposit from a third party	2,093	-	2,093	-
<b>Net cash used in investing activities</b>	(1,007)	(17,976)	(24,320)	(18,906)

\* Less than \$1,000

**Consolidated Statement of Cash Flows** (continued)

	Fourth Quarter		Full Year	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from financing activities</b>				
Dividend paid to equity holders of the Company	-	-	-	(2,500)
Dividend paid to non-controlling interests	-	-	(120)	(110)
Initial public offering expenses	-	(2,834)	-	(2,834)
Interest paid	(202)	(30)	(499)	(33)
Proceeds from borrowings	2,352	13,168	17,538	13,168
Proceeds from initial public offering	-	47,566	-	47,566
Repayments of finance lease liabilities	(11)	(10)	(42)	(40)
Repayments of borrowings	(1,294)	(6,298)	(3,426)	(6,298)
<b>Net cash provided by financing activities</b>	<b>845</b>	<b>51,562</b>	<b>13,451</b>	<b>48,919</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,838</b>	<b>34,859</b>	<b>(3,728)</b>	<b>35,507</b>
<b>Cash and cash equivalents</b>				
Beginning of financial period/year	31,744	4,531	39,377	3,874
Effects of currency translation on cash and cash equivalents	(145)	(13)	(212)	(4)
<b>End of financial period/year</b>	<b>35,437</b>	<b>39,377</b>	<b>35,437</b>	<b>39,377</b>

1(d)(i) A statement (for the Company and the Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**(A) Group - Consolidated Statement of Changes in Equity for the Fourth Quarter Ended 31 December 2018**

	Attributable to equity holders of the Company				Non-controlling interests	Total
	Share capital	Currency translation reserve	Retained profits	Total		
	S\$'000	S\$'000	S\$'000	S\$'000		
<b>2018</b>						
<b>Balance as at 30 September 2018</b>	49,301	(1,656)	10,290	57,935	(143)	57,792
Adoption of SFRS(I) 9	-	-	16	16	-	16
<b>Balance as at 1 October 2018</b>	49,301	(1,656)	10,306	57,951	(143)	57,808
Total comprehensive (loss)/income for the financial period	-	(884)	3,668	2,784	94	2,878
<b>Balance as at 31 December 2018</b>	49,301	(2,540)	13,974	60,735	(49)	60,686
<b>2017</b>						
<b>Balance as at 1 October 2017</b>	500	30	5,317	5,847	252	6,099
Total comprehensive (loss)/income for the financial period	-	(205)	2,201	1,996	65	2,061
Acquisition of non-controlling interests	-	-	56	56	(349)	(293)
New shares issued pursuant to initial public offering	51,128	-	-	51,128	-	51,128
Initial public offering expenses capitalised	(2,327)	-	-	(2,327)	-	(2,327)
<b>Balance as at 31 December 2017</b>	49,301	(175)	7,574	56,700	(32)	56,668

**(B) Group - Consolidated Statement of Changes in Equity for the Year Ended 31 December 2018**

	Attributable to equity holders of the Company					
	Share capital	Currency translation reserve	Retained profits	Total	Non-controlling interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>2018</b>						
<b>Balance as at 31 December 2017</b>	49,301	(175)	7,574	56,700	(32)	56,668
Adoption of SFRS(I) 9	-	-	16	16	-	16
<b>Balance as at 1 January 2018</b>	49,301	(175)	7,590	56,716	(32)	56,684
Total comprehensive (loss)/income for the financial period	-	(2,365)	6,384	4,019	103	4,122
Dividend paid to non-controlling interests	-	-	-	-	(120)	(120)
<b>Balance as at 31 December 2018</b>	49,301	(2,540)	13,974	60,735	(49)	60,686
<b>2017</b>						
<b>Balance as at 1 January 2017</b>	500	37	3,187	3,724	441	4,165
Total comprehensive (loss)/income for the financial period	-	(212)	4,565	4,353	325	4,678
Dividend paid to non-controlling interests	-	-	-	-	(110)	(110)
Acquisition of a preschool business	-	-	-	-	(186)	(186)
Acquisition of non-controlling interests	-	-	(178)	(178)	(502)	(680)
New shares issued pursuant to initial public offering	51,128	-	-	51,128	-	51,128
Initial public offering expenses capitalised	(2,327)	-	-	(2,327)	-	(2,327)
<b>Balance as at 31 December 2017</b>	49,301	(175)	7,574	56,700	(32)	56,668



**(C) Company - Statement of Changes in Equity for the Fourth Quarter Ended 31 December 2018**

	<u>Attributable to equity holders of the Company</u>		
	<u>Share capital</u>	<u>Retained profits</u>	<u>Total</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<b>2018</b>			
<b>Balance as at 1 October 2018</b>	49,301	306	49,607
Total comprehensive income for the financial period	-	2,237	2,237
<b>Balance as at 31 December 2018</b>	<u>49,301</u>	<u>2,543</u>	<u>51,844</u>
<b>2017</b>			
<b>Balance as at 1 October 2017</b>	500	293	793
Total comprehensive income for the financial period	-	881	881
New shares issued pursuant to initial public offering	51,128	-	51,128
Initial public offering expenses capitalised	(2,327)	-	(2,327)
<b>Balance as at 31 December 2017</b>	<u>49,301</u>	<u>1,174</u>	<u>50,475</u>

**(D) Company - Statement of Changes in Equity for the Year Ended 31 December 2018**

	<u>Attributable to equity holders of the Company</u>		
	<u>Share capital</u>	<u>Retained profits</u>	<u>Total</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<b>2018</b>			
<b>Balance as at 1 January 2018</b>	49,301	1,174	50,475
Total comprehensive income for the financial period	-	1,369	1,369
<b>Balance as at 31 December 2018</b>	<u>49,301</u>	<u>2,543</u>	<u>51,844</u>
<b>2017</b>			
<b>Balance as at 1 January 2017</b>	500	487	987
Total comprehensive income for the financial period	-	687	687
New shares issued pursuant to initial public offering	51,128	-	51,128
Initial public offering expenses capitalised	(2,327)	-	(2,327)
<b>Balance as at 31 December 2017</b>	<u>49,301</u>	<u>1,174</u>	<u>50,475</u>

**1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

**Share Buy Back**

No shares were bought back by the Company during the current quarter under the Share Buy Back Mandate (first approved by the Shareholders on 9 November 2017 and last renewed at the Annual General Meeting on 16 April 2018).

**Share Capital**

	<b>As at 31.12.2018</b>	<b>As at 31.12.2017</b>
<b>Ordinary shares of the Company</b>		
Number of shares issued and paid-up ('000)	241,600	241,600

The Company did not have any outstanding options, rights, subsidiary holdings, convertibles or treasury shares as at 31 December 2018 and 31 December 2017.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	<b>As at 31.12.2018</b>	<b>As at 31.12.2017</b>
<b>Ordinary shares of the Company</b>		
Number of shares issued and paid-up ('000)	241,600	241,600

**1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The Company did not have any sales, transfers, cancellation and/or use of treasury shares as at 31 December 2018.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

The Company did not have any sales, transfers, cancellation and/or use of subsidiary holdings as at 31 December 2018.

**2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have yet to be audited or reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable. The figures have yet to be audited or reviewed by the Company's auditors.

**4. Whether the same accounting policies and methods of computation as in the Company's most recently audited annual financial statements have been applied.**

The financial information has been prepared in accordance with the same accounting policies and methods of computation adopted in the most recently audited financial statements.

As required by the listing requirements of the Singapore Exchange, the Group has adopted Singapore IFRS-identical Financial Reporting Standards' ("SFRS(I)") on 1 January 2018. The adoption of SFRS(I) has not resulted in any substantial changes to the Group's accounting policies nor has any significant impact on these financial statements.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable. Refer to Note 4 above.

**6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

Earnings Per Ordinary Share	Fourth Quarter		Full Year	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Based on the weighted average number of ordinary shares on issue (in Singapore cents)	1.52	1.18*	2.64	2.45*
On a fully diluted basis (detailing any adjustments made to the earnings) (in Singapore cents)	1.52	1.18*	2.64	2.45*

*\*Earnings per ordinary share for the corresponding period is calculated by dividing the net profit attributable to equity holders of the Company to the pre-invitation share capital of the Company. The Company's pre-invitation number of shares of 180,000,000 has been used in the calculation of basic and diluted earnings per ordinary share for the corresponding period presented in accordance with FRS 33, assuming the subdivision of ordinary shares pursuant to the IPO exercise had been completed on 1 January 2017.*

**7. Net asset value (for the Company and the Group) per ordinary share based on the total number of issued shares excluding treasury shares of the Company at the end of the current financial period reported on; and immediately preceding financial year**

Net Asset Value Per Share	Group		Company	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Net asset value per share based on total number of issued shares at the end of year (in cents)	25.14	23.47	21.46	20.89

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

**(A) COMMENTARY ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*(l) Fourth Quarter Ended 31 December 2018 ("Q4 2018") and 31 December 2017 ("Q4 2017")*

- (1) For the fourth quarter ended 31 December 2018, the Group recorded an increase of approximately 24% in operating profit to S\$4.2 million (Q4 2017: S\$3.4 million). Taking non-operating expenses into consideration, the Group recorded an increase of approximately 59% in profit before tax to S\$3.7 million in Q4 2018 (Q4 2017: S\$2.3 million) and an increase of approximately 66% in profit after tax to S\$3.8 million in Q4 2018 (Q4 2017: S\$2.3 million).
- (2) Revenue increased by approximately S\$5.8 million or 70%, from S\$8.3 million in Q4 2017 to S\$14.1 million in Q4 2018. The increase was mainly attributable to:
  - (a) an increase of approximately S\$4.5 million in school fees, which resulted from the increased number of enrolled students following the acquisitions of preschool centres in Australia and Singapore; and
  - (b) an increase of approximately S\$1.2 million in non-recurring franchise income.
- (3) Cost of sales increased by approximately S\$3.4 million from S\$1.9 million in Q4 2017 to S\$5.3 million in Q4 2018. The increase in cost of sales was mainly due to higher academic staff costs incurred, which resulted from the increased number of academic staffs following the acquisitions of preschool centres indicated in (l)(2)(a).
- (4) Other income increased by approximately S\$0.3 million or 64%, from S\$0.5 million in Q4 2017 to S\$0.8 million in Q4 2018, mainly due to an increase in the interest income which resulted from fixed deposit placements and the service income generated from the provision of franchise related services to franchisee-owned franchisee-operated ("FOFO") centres.
- (5) Operating administrative expenses increased by approximately S\$1.9 million or 61%, from S\$3.2 million in Q4 2017 to S\$5.1 million in Q4 2018. The increase was mainly attributable to an increase in:
  - (a) administrative costs of approximately S\$0.8 million incurred by the newly acquired centres indicated in (l)(2)(a), such as rental, utilities, depreciation, amortisation, repairs and maintenance and other day-to-day running costs; and
  - (b) staff costs of approximately S\$1.0 million following an increase in the number of staff to support the Group's business expansion overseas and SGX compliance related matters.
- (6) Non-operating finance expenses increased by approximately S\$0.2 million, from S\$55,000 in Q4 2017 to S\$0.2 million in Q4 2018. The increase in non-operating finance expenses in Q4 2018 mainly resulted from servicing the acquisition loans which the Company obtained for the acquisitions of preschool centres in Australia.
- (7) Currency translation loss arising from consolidation increased by approximately S\$0.7 million, from S\$0.2 million in Q4 2017 to S\$0.9 million in Q4 2018. These exchange differences arose from the translation of financial statements of Australian operations whose functional currencies are different from that of the Group's presentation currency. The translation losses for Q4 2018 arose largely from the weakening of the Australian dollar against the Singapore dollar.

**(A) COMMENTARY ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(continued)

***(II) Full Year Ended 31 December 2018 ("2018") and 31 December 2017 ("2017")***

- (1) For the twelve months ended 31 December 2018, the Group recorded an increase of approximately 29% in operating profit to S\$8.1 million (2017: S\$6.3 million). Taking non-operating expenses into consideration, the Group recorded an increase of approximately 31% in profit before tax to S\$6.8 million in 2018 (2017: S\$5.2 million) and an increase of approximately 33% in profit after tax to S\$6.5 million in 2018 (2017: S\$4.9 million).
- (2) Revenue increased by approximately S\$14.1 million or 62%, from S\$22.8 million in 2017 to S\$36.9 million in 2018. The increase was mainly attributable to:
  - (a) an increase of approximately S\$12.5 million in school fees, which resulted from the increased number of enrolled students following the acquisitions of preschool centres in Australia and Singapore; and
  - (b) an increase of approximately S\$1.2 million in non-recurring franchise income.
- (3) Cost of sales increased by approximately S\$7.0 million or 91% from S\$7.7 million in 2017 to S\$14.7 million in 2018. The increase in cost of sales was mainly due to higher academic staff costs incurred, which resulted from the increased number of academic staffs following the acquisitions of preschool centres indicated in (II)(2)(a).
- (4) Other income increased by approximately S\$2.0 million, from S\$1.4 million in 2017 to S\$3.4 million in 2018, mainly due to an increase in the interest income which resulted from fixed deposit placements and the service income generated from the provision of franchise related services to FOFO centres.
- (5) Operating administrative expenses increased by approximately S\$7.1 million or 73%, from S\$9.7 million in 2017 to S\$16.8 million in 2018. The increase was mainly attributable to an increase in:
  - (a) administrative costs of approximately S\$2.7 million incurred by the newly acquired centres indicated in (II)(2)(a), such as rental, utilities, depreciation, amortisation, repairs and maintenance and other day-to-day running costs;
  - (b) professional fees of approximately S\$0.7 million, including board of directors' fees, SGX listing fees, audit fee, etc. post public listing; and
  - (c) staff costs of approximately S\$3.7 million following an increase in the number of staff to support the Group's business expansion overseas and SGX compliance related matters.
- (6) Operating marketing expenses increased by approximately S\$0.2 million or 44%, from S\$0.6 million in 2017 to S\$0.8 million in 2018. The increase in marketing expenses in 2018 was in line with the increase in scale of operations and the branding requirements of our new overseas business.
- (7) Non-operating finance expenses increased by approximately S\$0.5 million, from S\$0.1 million in 2017 to S\$0.6 million in 2018. The increase in non-operating finance expenses in 2018 mainly resulted from servicing the acquisition loans which the Company obtained for the acquisitions of preschool centres in Australia.
- (8) Currency translation loss arising from consolidation increased by approximately S\$2.2 million, from S\$0.2 million in 2017 to S\$2.4 million in 2018. These exchange differences arose from the translation of financial statements of Australian operations whose functional currencies are different from that of the Group's presentation currency. The translation losses for 2018 arose largely from the weakening of the Australian dollar against the Singapore dollar.

## **(B) COMMENTARY ON THE CONSOLIDATED BALANCE SHEET**

### **(1) Restatement of consolidated balance sheet as at 31 December 2017**

As disclosed in Note 15(a) of the Group's Annual Report for the financial year ended 31 December 2017, goodwill arising from the preschool businesses acquired on 10 November 2017 in Australia were provisionally determined. Paragraph 45 of SFRS(I) 3 – Business Combination allows the acquirer to complete the fair value assessments on the assets or liabilities acquired within one year after the acquisition date.

In 2018, the Group has completed the fair value assessment of the assets acquired on 10 November 2017 and retrospectively adjusted the provisional amounts recognised at the acquisition date in accordance with SFRS(I) 3 – Business Combination. The following reconciliations summarise the impacts on the Group's consolidated balance sheet as at 31 December 2017:

	<b>As previously reported</b>	<b>Effects of SFRS(I) 3</b>	<b>As restated</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Non-current assets</b>			
Property, plant and equipment	1,725	(398)	1,327
Intangible assets	21,679	398	22,077
Deferred income tax assets	388	-	388
Investment in subsidiary corporations	-	-	-
	<u>23,792</u>	<u>-</u>	<u>23,792</u>

### **(2) Current assets**

The Group's current assets increased by approximately S\$0.2 million from S\$47.4 million as at 31 December 2017 to S\$47.6 million as at 31 December 2018. There was no significant movement in current assets in 2018.

### **(3) Non-current assets**

The Group's non-current assets increased by approximately S\$22.4 million or 94% from S\$23.8 million as at 31 December 2017 to S\$46.2 million as at 31 December 2018 mainly due to an increase in goodwill of approximately S\$20.8 million which resulted from the acquisitions of preschool centres in Australia and Singapore in 2018.

### **(4) Current liabilities**

The Group's current liabilities increased by approximately S\$7.6 million or 78% from S\$9.7 million as at 31 December 2017 to S\$17.3 million as at 31 December 2018 mainly due to:

- (a) an increase in current borrowings of approximately S\$3.5 million which resulted from the addition of borrowings in relation to the financing of acquisitions of preschool centres in Australia in 2018; and
- (b) an increase in trade and other payables of approximately S\$3.9 million which resulted from an increase in students' deposits and accrued operating expenses following the acquisitions of preschool centres in Australia and Singapore in 2018.

### **(5) Non-current liabilities**

The Group's non-current liabilities increased by approximately S\$11.0 million from S\$4.8 million as at 31 December 2017 to S\$15.8 million as at 31 December 2018 mainly due to the addition of borrowings in relation to the financing of acquisitions of preschool centres in Australia in 2018.

## **(C) COMMENTARY ON THE CONSOLIDATED STATEMENT OF CASH FLOWS**

### **(I) Fourth Quarter Ended 31 December 2018 (“Q4 2018”)**

The Group’s cash and cash equivalents increased by approximately S\$3.7 million or 12% from S\$31.7 million as at 30 September 2018 to S\$35.4 million as at 31 December 2018.

Major cash inflows in Q4 2018 were:

- (a) net cash of approximately S\$4.0 million generated from the operating activities;
- (b) proceeds of approximately S\$2.4 million from the borrowings obtained in Q4 2018 to finance the acquisition of preschool centre in Australia; and
- (c) repayment of acquisition deposit by third party of approximately S\$2.1 million.

Major cash outflows in Q4 2018 were:

- (a) consideration paid for the acquisition of preschool centre in Australia of approximately S\$2.9 million; and
- (b) repayments of borrowings and payment of interests in relation to the acquisitions of preschool centres in Australia amounting to approximately S\$1.5 million.

### **(II) Full Year Ended 31 December 2018**

The Group’s cash and cash equivalents decreased by approximately S\$3.9 million or 10% from S\$39.4 million as at 31 December 2017 to S\$35.4 million as at 31 December 2018.

Major cash inflows in 2018 were:

- (a) net cash of approximately S\$7.1 million generated from the operating activities; and
- (b) proceeds of approximately S\$17.5 million from the borrowings obtained in 2018 to finance the acquisitions of preschool centres in Australia.

Major cash outflows in 2018 were:

- (a) consideration paid for the acquisitions of preschool centres in Australia and Singapore of approximately S\$23.2 million; and
- (b) repayments of borrowings and payment of interests in relation to our acquisitions of preschool centres in Australia amounting to approximately S\$3.9 million.

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

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

**10. 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) Internal Restructuring**

On 31 December 2018, the Company performed an internal restructuring exercise. The rationale for the exercise is to create an intermediate Singapore holding company, to facilitate more efficient performance monitoring and analysis at a country level.

In this regard, the Company has transferred its entire shareholding in the following subsidiaries, to a wholly-owned subsidiary of the Company, MindChamps PreSchool Singapore Pte. Limited:

- (i) MindChamps PreSchool @ Changi Business Park Pte. Ltd.;
- (ii) MindChamps PreSchool @ Leisure Park Kallang Pte. Limited;
- (iii) MindChamps PreSchool @ Paragon Pte. Limited;
- (iv) MindChamps PreSchool @ Serangoon Pte. Limited;
- (v) MindChamps PreSchool @ TPY Pte. Limited; and
- (vi) MindChamps PreSchool @ Zhongshan Park Pte. Ltd.

The internal restructuring exercise did not have any material impact on the consolidated earnings per share and/or net tangible assets per share of the Group for the financial year ended 31 December 2018.

**11. If a decision regarding dividend has been made:-**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

Yes, please refer to 11(b)(i) below.

**(b) (i) Amount per share**

Name of Dividend : Recommended final dividend  
Dividend Type : Cash  
Dividend Amount : 1.34 cents per ordinary share

**(ii) Previous corresponding period**

No dividend was declared in the previous corresponding period.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

One-tier tax exempt

**(d) The date the dividend is payable.**

The date the dividend is payable will be announced at a later date.

**(e) The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.**

The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined will be announced at a later date.



**12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

Not applicable.

**13. 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.

**14. Negative confirmation pursuant to Rule 705(5).**

Not applicable for announcement of full year results.

**15. 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).

**16. Use of proceeds from the Company's IPO**

The Company had raised proceeds amounting to S\$47.6 million from the IPO.

As at the date of this announcement, the use of the proceeds from the IPO is as follows:

<b>Use of proceeds</b>	<b>Amount allocated (S\$ mil)</b>	<b>Amount utilised (S\$ mil)</b>	<b>Amount unutilised (S\$ mil)</b>
Partial repayment of drawn down and outstanding amounts under Acquisition Loan (as defined in the Prospectus)	6.1	(6.1)	-
For payment of underwriting commissions and IPO expenses	3.0	(3.0)	-
For funding of our expansion plans, including potential acquisitions	34.5	(12.2)	22.3
For general corporate and working capital purposes	4.0	(1.4) <sup>(1)</sup>	2.6
<b>Total</b>	<b>47.6</b>	<b>(22.7)</b>	<b>24.9</b>

<sup>(1)</sup> The use of S\$1.4 million was mainly in relation to the provision of security deposits to the landlords to secure the leases for newly acquired preschool centres in 2018.

The Company will make further announcements when the balance of the IPO proceeds is materially disbursed.

17. Segmented revenue and results for business or geographical segments of the Group in the form presented in the Company's most recently audited annual financial statements, with comparative information for the immediately preceding year.

(a) Business Segment

	Singapore			Australia		Group
	Education S\$'000	Franchise & Corporate S\$'000	Others S\$'000	Education S\$'000	Franchise & Corporate S\$'000	Total S\$'000
<b>2018</b>						
<b>Sales</b>						
Total segment sales	15,175	11,415	-	11,751	-	38,341
Inter-segment sales	-	(1,381)	-	-	-	(1,381)
Sales to external parties	15,175	10,034	-	11,751	-	36,960
<b>Adjusted EBITDA</b>	<b>4,568</b>	<b>3,534</b>	<b>(13)</b>	<b>2,018</b>	<b>(1,924)</b>	<b>8,183</b>
<b>2017</b>						
<b>Sales</b>						
Total segment sales	13,472	9,789	-	841	76	24,178
Inter-segment sales	-	(1,311)	-	-	(76)	(1,387)
Sales to external parties	13,472	8,478	-	841	-	22,791
<b>Adjusted EBITDA</b>	<b>4,007</b>	<b>2,759</b>	<b>(7)</b>	<b>264</b>	<b>(873)</b>	<b>6,150</b>

(b) Geographical Segment

	Sales		EBITDA	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Singapore	25,209	21,950	8,089	6,759
Australia	11,751	841	94	(609)
	36,960	22,791	8,183	6,150

**18. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

The percentage of contribution to turnover and earnings by the business or geographical segments is tabulated as follows:

	Sales		EBITDA	
	2018	2017	2018	2017
<u>By business segment</u>				
Education				
- Singapore	41%	59%	56%	65%
- Australia	32%	4%	25%	4%
Franchise & Corporate				
- Singapore	27%	37%	43%	45%
- Australia	-	-	(24%)	(14%)
Others	-	-	-*	-*
	100%	100%	100%	100%
<u>By geographical segment</u>				
Singapore	68%	96%	99%	110%
Australia	32%	4%	1%	(10%)
	100%	100%	100%	100%

\*Less than 1%

The Education segment and Singapore segment remained as the largest contributor in the business and geographical segment respectively for turnover and earnings in 2018 and 2017.

**19. A breakdown of sales as follows:-**

	Group		
	2018 S\$'000	2017 S\$'000	Change %
(a) Sales reported for first half year	13,657	9,203	48%
(b) Operating profit after tax before deducting minority interests reported for first half year	1,558	1,496	4%
(c) Sales reported for second half year	23,303	13,588	71%
(d) Operating profit after tax before deducting minority interests reported for second half year	4,929	3,394	45%

**20. A breakdown of the total annual dividend (in dollar value) for the Company's latest full year and its previous full year as follows:-**

	31 December 2018 S\$'000	31 December 2017 S\$'000
Ordinary	3,237*	-
Preference	-	-
<b>Total</b>	<b>3,237*</b>	<b>-</b>

\* The total annual dividend is calculated based on the recommended final dividend of 1.34 cents per ordinary share in cash, subject to the approval of shareholders at the next Annual General Meeting, and the number of issued ordinary shares of 241,600,000 (excluding treasury shares) as at 31 December 2018.

**21. Disclosure of person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704 (13) in the format below. If there are no such persons, the Company must make an appropriate negative statement.**

There is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704 (13).

**By order of the Board**

**Mr. David Chiem Phu An  
Executive Chairman  
27 February 2019**