

MARY CHIA HOLDINGS LIMITED

(Incorporated in Singapore with Unique Entity No.: 200907634N)
SGX Stock Code: 5OX

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2024

In view of the qualified opinion issued by the Company's independent auditor, Foo Kon Tan LLP, on the audited financial statements of the Group for the financial ended 31 March 2024, the Company is required by the Singapore Exchange Securities Trading Limited to announce its quarterly financial statements pursuant to Catalist Rule 705.

*This announcement has been reviewed by the Company's Sponsor, Evolve Capital Advisory Private Limited (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

The contact person for the Sponsor is Mr Jerry Chua (Tel: (65) 6241 6626), at 138 Robinson Road, #13-02 Oxley Tower, Singapore 068906.

Contents

A. Condensed interim consolidated statement of profit or loss and other comprehensive income	3
B. Condensed interim consolidated statements of financial position.....	4
C. Condensed interim consolidated statements of changes in equity	5
D. Condensed interim consolidated statement of cash flows.....	7
E. Notes to the condensed interim consolidated financial statements	8
F. Other information required by Catalist Rule Appendix 7C	17

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	<u>Note</u>	<u>Group</u>		<u>Variance</u>
		<u>3 months ended</u>	<u>3 months ended</u>	
		<u>30 June 2024</u>	<u>30 June 2023</u>	
		<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
Revenue	4	907	1,282	(29)
Other operating income	6	5	372	(99)
Purchases and related costs		(51)	(44)	16
Changes in inventories		-	(11)	N.M.
Depreciation of plant and equipment		(77)	(81)	(5)
Depreciation of right-of-use assets		(181)	(218)	(17)
Staff costs		(886)	(1,020)	(13)
Operating lease expense		(26)	(53)	(51)
Other operating expenses		(299)	(824)	(64)
Impairment Loss on Investment in Subsidiaries		-	-	N.M.
Finance costs		(23)	(54)	(57)
Share of results of joint ventures, net of tax		-	(54)	N.M.
Loss before income tax		<u>(631)</u>	<u>(705)</u>	<u>(10)</u>
Income tax expense		-	-	N.M.
Loss for the financial period, net of tax		<u>(631)</u>	<u>(705)</u>	<u>(10)</u>
Other comprehensive income for the period, net of tax:				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations		(540)	(45)	N.M.
Other comprehensive income for the financial period, net of tax		<u>(540)</u>	<u>(45)</u>	<u>N.M.</u>
Total comprehensive loss for the financial period		<u>(1,171)</u>	<u>(750)</u>	<u>56</u>
Loss attributable to:				
Equity holders of the Company		(630)	(705)	(11)
Non-controlling interests		(1)	-	N.M.
		<u>(631)</u>	<u>(705)</u>	<u>(10)</u>
Total comprehensive loss attributable to:				
Equity holders of the Company		(1,170)	(750)	56
Non-controlling interests		(1)	-	N.M.
		<u>(1,171)</u>	<u>(750)</u>	<u>56</u>
Loss per share attributable to equity holders of the Company (cents):				
Weighted average number of ordinary shares		232,172,215	232,172,215	
Basic and diluted loss per share		<u>(0.27)</u>	<u>(0.30)</u>	

*N.M. denotes not meaningful

B. Condensed interim consolidated statements of financial position

	Note	<u>Group</u>		<u>Company</u>	
		30 June 2024 \$'000	31 March 2024 \$'000	30 June 2024 \$'000	31 March 2024 \$'000
ASSETS					
Non-current assets					
Plant and equipment	10	690	733	-	-
Right-of-use assets	8	1,009	1,071	-	-
Intangible assets	9	4	4	-	-
Investments in subsidiaries		-	-	-	-
Investment in joint ventures		-	-	-	-
Total non-current assets		1,703	1,808	-	-
Current assets					
Inventories		104	37	-	-
Trade and other receivables		1,281	913	12,332	11,923
Prepayments		13	24	-	9
Cash and cash equivalents		127	118	-	10
Total current assets		1,525	1,092	12,332	11,942
Total assets		3,228	2,900	12,332	11,942
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	12	11,944	11,944	11,944	11,944
Reserves		(25,107)	(23,937)	(17,422)	(17,545)
Attributable to equity holders to the company		(13,163)	(11,993)	(5,478)	(5,601)
Non-controlling interests		1,059	1,060	-	-
Total equity		(12,104)	(10,933)	(5,478)	(5,601)
Non-current liabilities					
Lease liabilities	11	726	713	-	-
Borrowings	11	1,448	1,817	-	-
Provision		83	32	-	-
Total non-current liabilities		2,257	2,562	-	-
Current liabilities					
Trade and other payables		7,705	6,422	16,810	16,418
Borrowings	11	2,027	1,557	1,000	1,125
Lease liabilities	11	438	723	-	-
Contract liabilities		2,718	2,243	-	-
Provision		76	206	-	-
Current tax liabilities		111	120	-	-
Total current liabilities		13,075	11,271	17,810	17,543
Total liabilities and equity		3,228	2,900	12,332	11,942

C. Condensed interim consolidated statements of changes in equity

The Group

	Attributable to equity holders of the Group							
	<u>Share capital</u>	<u>Merger reserve</u>	<u>Capital reserve</u>	<u>Foreign currency translation reserve</u>	<u>Accumulated losses</u>	<u>Attributable to equity holders of the Company</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2024								
Balance as at 1 April 2024	11,944	(927)	(137)	141	(23,014)	(11,993)	1,060	(10,933)
Loss for the year	-	-	-	-	(630)	(630)	(1)	(631)
Other comprehensive income								
- Foreign currency translation differences	-	-	-	(540)	-	(540)	-	(540)
Total comprehensive loss for the financial period	-	-	-	(540)	(630)	(1,170)	(1)	(1,171)
Balance as at 30 June 2024	11,944	(927)	(137)	(399)	(23,644)	(13,163)	1,059	(12,104)
2023								
Balance as at 1 April 2023	11,944	(927)	(184)	30	(17,472)	(6,609)	1,070	(5,539)
Loss for the year	-	-	-	-	(705)	(705)	-	(705)
Other comprehensive income								
- Foreign currency translation differences	-	-	-	(45)	-	(45)	-	(45)
Total comprehensive loss for the financial period	-	-	-	(45)	(705)	(750)	-	(750)
Balance as at 30 June 2023	11,944	(927)	(184)	(15)	(18,177)	(7,359)	1,070	(6,289)

C. Condensed interim consolidated statements of changes in equity (Cont'd)

The Company

	Attributable to equity holders of the Company			
	<u>Share capital</u> \$'000	<u>Capital reserve</u> \$'000	<u>Accumulated losses</u> \$'000	<u>Total equity</u> \$'000
2024				
Balance as at 1 April 2024	11,944	215	(17,760)	(5,601)
Loss for the period	-	-	123	123
Total comprehensive income for the financial period	-	-	123	123
Balance as at 30 June 2024	11,944	215	(17,637)	(5,478)
2023				
Balance as at 1 April 2023	11,944	215	(14,242)	(2,083)
Loss for the period	-	-	(64)	(64)
Total comprehensive loss for the financial period	-	-	(64)	(64)
Issuance of shares	-	-	-	-
Balance as at 30 June 2023	11,944	215	(14,306)	(2,147)

D. Condensed interim consolidated statement of cash flows

	<u>Note</u>	<u>Group</u>	
		<u>3 months ended 30 June 2024</u>	<u>3 months ended 30 June 2023</u>
		<u>\$'000</u>	<u>\$'000</u>
Operating activities			
Loss before income tax		(631)	(705)
Adjustments for:			
Depreciation of property, plant and equipment		77	81
Depreciation of right-of-use assets		181	218
Finance costs	6	23	54
Share of results of joint ventures		-	54
		<u>(350)</u>	<u>(298)</u>
Operating cash flows before movements in working capital			
<i>Changes in working capital:</i>			
Change in inventories		(67)	35
Change in trade and other receivables		(357)	(191)
Change in trade, other payables and contract liabilities		874	551
		<u>100</u>	<u>97</u>
Cash generated from operations		-	(102)
Income tax paid			
		<u>100</u>	<u>(5)</u>
Cash flows generated from/(used in) operating activities			
Investing activities			
Acquisition of right-of-use assets	8	(119)	(98)
Purchase of plant and equipment	10	(33)	-
		<u>(152)</u>	<u>(98)</u>
Cash flows used in investing activities			
Financing activities			
Proceeds from borrowings	11	800	-
Repayment of borrowings	11	(567)	(218)
Interest paid		(19)	(50)
Repayment of lease liabilities		(153)	(348)
		<u>61</u>	<u>(616)</u>
Cash flows generated from/(used in) financing activities			
Net increase/(decrease) in cash and cash equivalents		9	(719)
Cash and cash equivalents at beginning of the financial period		118	1,171
		<u>127</u>	<u>452</u>
Cash and cash equivalents at end of the financial period			
Cash and cash equivalents		127	954
Restricted cash		-	(502)
		<u>127</u>	<u>452</u>

E. Notes to the condensed interim consolidated financial statements

These notes form an integral part of the condensed interim consolidated financial statements.

1. Corporate information

Mary Chia Holdings Limited (the "**Company**") is incorporated and domiciled in Singapore, and its shares are publicly traded on Catalist of the Singapore Exchange. These condensed interim consolidated financial statements for the three months ended 30 June 2024 comprise the Company and its subsidiaries (collectively, the "**Group**"). The primary activity of the Company is investment holding.

The principal activities of the Group are:

- (a) Provision of lifestyle and wellness treatment services (including slimming, skincare and hair care centres); and
- (b) Retail sale of cosmetics and toiletries and direct selling of skincare and health supplements.

2. Basis of Preparation

The condensed interim financial statements for the three 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. Accordingly, 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 of the Group since the last annual financial statements for the financial year ended 31 March 2024.

The accounting policies adopted are consistent with those of the previous financial year, 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 dollar, the Company's functional currency.

Going concern

The Group recorded a net loss and total comprehensive loss of \$631,000 and \$1,171,000, respectively (30 June 2023: net loss and total comprehensive loss of \$705,000 and \$750,000, respectively) for the 3 months ended 30 June 2024. As at 30 June 2024, the Group's current liabilities exceeded its current assets by \$11,550,000 (31 March 2024: \$10,179,000), and the Group had a deficit in equity of \$12,104,000 (31 March 2024: \$10,933,000).

As at 30 June 2024, the Company's current liabilities exceeded its current assets by \$5,478,000 (31 March 2024: \$5,601,000), and the Company had a deficit in equity of \$5,478,000 (31 March 2024: \$5,601,000).

As at 30 June 2024, the Group's current liabilities included contract liabilities related to non-refundable payments received in advance from customers amounting to \$2,718,000 (31 March 2024: \$2,243,000). Excluding this amount, the Group's current liabilities would be \$10,357,000 (31 March 2024: \$9,028,000) compared to current assets of \$1,525,000 (31 March 2024: \$1,092,000) as at 30 June 2024.

Notwithstanding the above, management believes that the Group and the Company will have sufficient resources to continue in operation for the foreseeable future, a period of not less than twelve months from the date of the financial statements after taking into consideration that the controlling shareholder has given an undertaking on 30 June 2024 to provide ongoing financial support to the Group and the Company for the next 12 months to operate without any curtailment of operations.

Accordingly, the management considers it appropriate that these financial statements are prepared on a going concern basis.

2.1 New and amended standards adopted by the Group

On 1 April 2024, the Group and the Company adopted all the new and revised SFRS(I), SFRS(I) interpretations ("**SFRS(I) INT**") and amendments to SFRS(I), effective for the current financial year that is relevant to them. The adoption of these new and revised SFRS(I) pronouncements does not result in significant changes to the Group's and the Company's accounting policies.

2.2 Critical accounting judgements and key sources of estimation uncertainty

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Accordingly, actual results may differ from the estimates.

Critical judgments made in applying the Group's accounting policies

In applying the Group's accounting policies, described in Note 2, management has not made any judgements that will significantly affect the amounts recognised in the financial statements, apart from those involving estimations as discussed below.

Income tax

The Group has exposure to income taxes in several jurisdictions, of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters differs from the amounts initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made.

Determination of the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or change in circumstances occurs, which affects the assessment and is within the lessee's control. For office premises and service outlet leases, the Group considers factors including historical lease durations, costs, and business disruption required to replace the leased asset.

- If significant penalties exist to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).

- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors, including historical lease durations and the costs and business disruption required to replace the leased asset.

Determination of operating segments

Management will first identify the Chief Operating Decision Maker ("**CODM**") and, following this, will identify their business activities (which may not necessarily earn revenue or incur expenses). Management will further determine whether discrete financial information is available for business activities and whether the CODM regularly reviews that information. Judgement is applied by the management of the aggregation criteria to operating segments.

Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Allowance for expected credit loss ("**ECL**") of trade and other receivables

Allowance for ECL of trade and other receivables is based on assumptions about the risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the ECL calculation based on the Group's past collection history, existing market conditions, and forward-looking estimates at each reporting date. The probability of default constitutes a key input in measuring ECL. The probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Depreciation of plant and equipment, intangible assets and right-of-use assets

The Group reviews the estimated useful lives of plant and equipment, intangible assets and right-of-use assets at the end of each annual reporting period. Changes in the expected level and future usage can impact the economic useful lives of these assets with a consequential impact on the future depreciation charge. A reduction in the estimated useful lives of these non-financial assets would increase depreciation expense and decrease non-current assets.

Impairment of plant and equipment, intangible assets and right-of-use assets

The carrying amounts of the plant and equipment, intangible assets and right-of-use assets are reviewed at the end of each reporting period to determine whether there is any indication that those plant and equipment, intangible assets and right-of-use assets have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated. The carrying amount is reduced to the estimated recoverable amount if lower.

The recoverable amounts of these assets and, where applicable, cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. Estimating the value-in-use requires the Group to estimate the expected future cash flows from the cash-generating unit (or group of cash-generating units) and also to use many estimates and assumptions such as future market growth, forecast revenue and costs, useful lives of the utilisation of the assets, discount rates and other factors.

A decrease in the value-in-use of these non-financial assets would decrease the Group's profit.

Impairment of investments in subsidiaries

At the end of each reporting period, the Company assesses whether there is any indication that an investment in a subsidiary is impaired or that an impairment loss recognised in prior periods no longer exists or has decreased. If any indication exists, the investment in a subsidiary is tested for impairment. Determining the recoverable amount requires estimating

the fair value less costs of disposal of the underlying assets or the value in use of the cash-generating units. Estimating the fair value less costs of disposal requires the Company to make an estimate of the expected selling prices or realisable amounts of the underlying assets and the estimated cash outflows to settle the obligations in respect of the underlying liabilities. Estimating the value in use requires the Company to estimate the expected future cash flows from the cash-generating units, a suitable growth rate to extrapolate the future cash flows, and an appropriate discount rate to calculate the present value of the future cash flows.

Allowance for inventory obsolescence

The Group reviews the ageing analysis of inventories at each reporting date and makes provision for obsolete and slow-moving inventory items identified that are no longer suitable for sale. The net realisable value for such inventories is estimated based primarily on the latest invoice prices and market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories.

A decrease in the net realisable values of the inventory will decrease the Group's profit.

Estimation of the incremental borrowing rate ("IBR")

For the purpose of calculating the right-of-use asset and a lease liability, an entity applies the interest rate implicit in the lease ("IRIIL"), and if the IRIIL is not readily determinable, the entity uses its IBR applicable to the leased asset. The IBR is the rate of interest that the entity would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. For most leases whereby the Group is the lessee, the IRIIL is not readily determinable. Therefore, when available, the Group estimates the IBR relevant to each leased asset by using observable inputs (such as market interest rate and asset yield) and then making certain lessee-specific adjustments (such as a group entity's credit rating).

Provision of reinstatement cost

The provision relates to estimated costs of dismantlement, removal or reinstatement of plant and equipment arising from the acquisition or use of assets.

The Group has recognised a provision for reinstatement of rental property obligations associated with properties rented by the Group. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove equipment from the site and the expected timing of those costs. The provision's carrying amount as of 30 June 2024 was \$159,000 (31 March 2024: \$238,000). An increase in the estimated pre-tax discount rate would decrease the provision's carrying amount.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The primary segment reporting format is determined to be business segments, as the Group's risks and rates of return are affected predominantly by differences in the products and services provided. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and services in different markets.

Management has determined the operating segments based on the reports reviewed to make strategic decisions. Each segment represents a strategic business unit offering different products and services. The Group's reportable segments are as follows:-

- Beauty, slimming and spa treatments; and
- Direct selling.

Inter-segment transactions are determined on an arm's length basis.

4.1 Reportable segments

Group	Beauty, slimming And spa treatment		Direct selling		Total	
	3 months ended 30 Jun 2024	3 months ended 30 Jun 2023	3 months ended 30 Jun 2024	3 months ended 30 Jun 2023	3 months ended 30 Jun 2024	3 months ended 30 Jun 2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	650	1,237	279	45	929	1,282
Inter-segment revenue	(22)	-	-	-	(22)	-
External revenue	628	1,237	279	45	907	1,282
Other information:						
Other operating income	5	372	-	-	5	372
Purchases and related costs	(43)	(39)	(8)	(5)	(51)	(44)
Changes in inventories	-	(11)	-	-	-	(11)
Staff costs	(873)	(1,020)	(13)	-	(886)	(1,020)
Depreciation of plant and equipment	(77)	(81)	-	-	(77)	(81)
Depreciation of right-of-use assets	(181)	(218)	-	-	(181)	(218)
Operating lease expense	(25)	(53)	(1)	-	(26)	(53)
Other operating expenses	(209)	(797)	(90)	(27)	(299)	(824)
Impairment loss on joint ventures	-	-	-	-	-	-
Finance costs	(23)	(54)	-	-	(23)	(54)
Share of results of associates, net of tax	-	(54)	-	-	-	(54)
(Loss)/Profit before taxation					(631)	(705)
Income tax expense					-	-
(Loss)/Profit for the year					(631)	(705)
Other Information						
Assets						
Segment assets	2,597	5,962	631	443	3,228	6,405
Liabilities						
Segment liabilities	14,891	12,254	330	440	13,949	12,694
Unallocated liabilities						
- Income tax payables	111	-	-	-	111	-
Total liabilities					14,060	12,694
Other disclosure						
Capital expenditure	35	98	-	-	35	98
Depreciation of plant and equipment	77	81	-	-	77	81
Depreciation of right-of-use assets	181	218	-	-	181	218

4.2 Disaggregation of Revenue

	Singapore		Malaysia		Taiwan		Total	
	3 months ended 30 Jun 2024	3 months ended 30 Jun 2023	3 months ended 30 Jun 2024	3 months ended 30 Jun 2023	3 months ended 30 Jun 2024	3 months ended 30 Jun 2023	3 months ended 30 Jun 2024	3 months ended 30 Jun 2023
Revenue - Sales to external customers	784	1,197	123	85	-	-	907	1,282
Non-current assets [#]	1,516	3,751	187	135	-	-	1,703	3,886

[#] Exclude deferred tax assets and deposits.

5. Financial assets and financial liabilities

	The Group		The Company	
	As at 30 June 2024	As at 31 March 2024	As at 30 June 2024	As at 31 March 2024
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss				
Derivative financial instrument	-	-	-	-
Financial assets at amortised cost				
Trade and other receivables [#]	1,281	913	12,295	11,923
Other assets [#]	-	-	-	-
Cash and cash equivalents	127	118	-	10
	1,408	1,031	12,295	11,933
Financial liabilities at amortised cost				
Other payables ^{##}	7,637	6,284	16,810	16,418
Lease liabilities	1,164	1,436	-	-
Borrowings	3,475	3,374	1,000	1,125
	12,276	11,094	17,810	17,543

[#] Exclude goods and services tax and prepayments

^{##} Exclude goods and services tax

6. Loss before income tax

6.1 Significant items

	3 months ended 30 June 2024	3 months ended 30 June 2023
	\$'000	\$'000
Income		
Government grants	(1)	-
Rental rebate	-	16
Expenses		
Interest on borrowings	(7)	(34)
Interest on lease liabilities	(12)	(16)
Interest on Hire Purchase	(4)	(4)

6.2 Related party transactions

There are no material related party transactions apart from those disclosed under the "Interested person transactions" section in the financial statements or in the information required by SGX Catalist Listing Rules Appendix 7C.

7. Net asset value

	The Group		The Company	
	As at 30 June 2024	As at 31 March 2024	As at 30 June 2024	As at 31 March 2024
Net asset value per ordinary share based on issued share capital as at the end of the financial period reported on (SGD cents)	(5.21)	(4.71)	(2.36)	(2.41)

Note:

Net asset value per ordinary share of the Group and Company is calculated by dividing the net asset value of the Group and Company respectively by the number of issued ordinary shares of 232,172,215 as at 30 June 2024 (31 March 2024: 232,172,215).

8. Right-of-use assets

The Group	Retail outlets \$'000	Motor vehicle \$'000	Total \$'000
<u>Cost</u>			
At 1 April 2023	8,050	272	8,322
Additions	585	-	585
Derecognition	(3,752)	-	(3,752)
Lease modification	18	-	18
At 31 March 2024	4,901	272	5,173
Additions	119	-	119
At 30 June 2024	5,020	272	5,292
<u>Accumulated depreciation</u>			
At 1 April 2023	6,679	133	6,812
Depreciation for the year	1,005	37	1,042
Derecognition	(3,752)	-	(3,752)
At 31 March 2024	3,932	170	4,102
Depreciation for the year	177	4	181
At 30 June 2024	4,109	174	4,283
<u>Carrying amount</u>			
At 30 June 2024	911	98	1,009
At 31 March 2024	969	102	1,071

Right-of-use assets represent retail outlets leased by the Group and motor vehicles under finance leases.

9. Intangible assets

	Non-compete agreement \$'000
The Group	
<u>Cost</u>	
At 1 April 2023 and 31 March 2024	6
At 30 June 2023	6
<u>Accumulated amortisation</u>	
At 1 April 2023	1
Amortisation	1
Disposal of subsidiaries	-
At 31 March 2024	2
Amortisation	-
At 30 June 2024	2
<u>Carrying amount</u>	
At 30 June 2024	4
At 31 March 2024	4

Intangible assets comprising the non-compete agreement have a finite useful life over which they are amortised. Accordingly, non-compete agreements have an amortisation period of 3 years.

10. Plant and equipment

During the three months ended 30 June 2024, the Group acquired assets amounting to \$33,000 (30 June 2023: \$98,000).

11. Aggregate amount of Group's borrowings and debt securities

	As at 30 June 2024 \$'000	As at 31 March 2024 \$'000
(a) Amount repayable in one year or less, or on-demand (secured)		
Loans and borrowings	2,027	1,557
Leases liabilities	438	723
	2,465	2,280
(b) Amount repayable after one year (secured)		
Loans and borrowings	1,448	1,817
Leases liabilities	726	713
	2,174	2,530
	4,639	4,810

Lease liabilities

- i. The Group has lease contracts for retail outlets used in its operations. Leases of retail outlets generally have lease terms of two years with an option to renew for another two years. Generally, the Group is restricted from assigning and subleasing the leased assets.

12. Share capital

	As at 30 June 2024	As at 31 March 2024	As at 30 June 2024 \$'000	As at 31 March 2024 \$'000
The Company		Number of ordinary shares		
Issued and fully paid with no par value				
At the beginning of the year	232,172,215	232,172,215	11,944	11,944
At the end of the year	232,172,215	232,172,215	11,944	11,944

There were no outstanding convertibles, treasury shares and subsidiary holdings as at 30 June 2024 and 31 March 2024.

There were no sales, transfers, cancellations and/or use of treasury shares or subsidiary holdings during the current financial period reported on.

13. Subsequent events

There are no known subsequent events that have led to adjustments to this set of condensed interim consolidated financial statements.

F. Other information required by Catalyst Rule Appendix 7C

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

The condensed consolidated statement of financial position of the Company and its subsidiaries as at 30 June 2024 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity, statement of changes in equity of the Company and condensed consolidated statement of cash flows for the three months ended 30 June 2024, and explanatory notes have not been audited or reviewed by the Company's independent auditor.

2. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

a) Updates on the efforts taken to resolve each outstanding audit issue;

b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements has been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

a) Please refer to the Company's separate announcement dated 13 July 2024 for the relevant extracts of the basis for the disclaimer of opinion issued by the Company's independent auditors, Messrs Foo Kon Tan LLP ("**FKT**"), regarding the consolidated financial statements of the Group and the Statement of Financial Position of the Company for the financial year ended 31 March 2024. The following paragraphs, 2.1 through 2.12, outline the efforts made to resolve each outstanding audit issue.

b) The Board confirms that the impact of all outstanding audit issues on the financial statements has been adequately disclosed.

2.1 Opening Balances and Comparative Information

Efforts taken by the Company to resolve the issue:

The Board seeks to underscore the considerable intricacies faced by both the auditor and their predecessor in validating whether the opening balances of the assets and liabilities of the Group and the Company as at 1 April 2021 and 1 April 2022 are appropriately stated. These challenges stemmed from the substantial personnel turnover within the organisation, particularly the abrupt departure of key finance team members possessing historical financial information. Regrettably, the transfer of crucial knowledge to the emerging finance team was insufficient, resulting in announcements regarding extensions for unaudited financial results and the postponement of the Annual General Meeting during 2021/2022.

In an endeavour to stabilise and fortify the finance team, the Group hired new finance team members from September 2022 onwards, including the appointment of a new Group Chief Financial Officer in December 2022 and a finance manager in May 2023, prompted by the prior manager's resignation during a pivotal phase of the audit due to health-related concerns.

Additionally, the Board wishes to highlight that despite the new finance team offering full cooperation with the auditor during the audit process, the team required more time to respond to the auditor's requests. This was due to a lack of knowledge transfer regarding historical transactions and information, compounded by the auditor's elevated audit procedures and documentation verification. The elevated audit procedures were a direct consequence of the matters mentioned above in relation to past financial periods, including the Group's FY2021 extension of time and the FY2022 disclaimer of opinion.

2.2 Impairment of Non-Financial Assets

Efforts taken by the Company to resolve the issue:

The Board underscores that the challenges faced by the auditor primarily stem from the carrying amount and opening balances as at April 1, 2022.

In this connection, the Group has taken steps to assess previous historical periods' financial information relating to plant and equipment and right-of-use assets that are still recorded. However, due to the lack of information and knowledge transferred from the predecessor finance team and personnel, the Group's current finance team endeavoured to the fullest extent possible to identify and estimate the value-in-use of these assets or to impair them or the related cash-generating units.

Moving forward, the Group will continue to review the carrying amounts of its non-financial assets at each reporting date to assess for any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

2.3 Joint Ventures

Efforts taken by the Company to resolve the issue:

The Board wishes to highlight that the concerns pertain to the joint venture companies (collectively known as "**JVC**" or "**Monsoon Hairdressing Group of Companies**") equally held between Vintage Studio Pte Ltd and M2 Group Pte. Ltd., a wholly-owned subsidiary of the Company. Due to the JVC's persistent inability to meet its financial obligations in a timely manner, the Group has opted to refrain from further capital allocation in line with its commitment to safeguard its financial stability and allocate resources judiciously. As a result of this situation, burdened by their liabilities, the JVC is unable to sustain business operations; therefore, the sole director has decided to initiate provisional liquidation proceedings pending their eventual liquidation.

Subsequently, on 5 April 2024, the Court granted an order of winding up applications and the Liquidators were appointed. The Group intends to provide further updates and announcements to shareholders as necessary in light of any material developments.

2.4 Inventories and Purchases

Efforts taken by the Company to resolve the issue:

The Board wishes to highlight that the Group measures inventories at the lower of cost and net realisable value. The Board also underscores that the challenges faced by the auditor primarily stem from the carrying amount and opening balances as at April 1, 2022.

In this connection, the Group has taken steps to assess past periods' historical financial information on inventories that are still recorded. However, due to the lack of information and knowledge transferred from the predecessor finance team and personnel, the Group's current finance team endeavoured to the fullest extent possible to record write-downs for inventories of components and products that have become obsolete or are in excess of anticipated demand or net realisable value.

Moving forward, management will thoroughly assess inventories at the end of each reporting period to establish an allowance for excess and obsolete inventories. This assessment will involve evaluating and reviewing historical sales, current economic and technological trends, forecasted sales, demand requirements, product life cycle, quality issues and current inventory levels. The finance team and key management have and will prioritise procedures and implement digital inventory systems and/or workflows for costing, stock-taking, and movements on a monthly and quarterly basis.

2.5 Trade Receivables

Efforts taken by the Company to resolve the issue:

The Board underscores that the challenges faced by the auditor primarily stem from the carrying amount and opening balances as at April 1, 2022.

The Board also wishes to emphasise that while the new finance team provided full cooperation to the auditor during the audit process, they faced challenges due to their limited runway and background knowledge of the historical financial information needed for the opening balance as of 1 April 2022. This situation also impacts the assessment of trade and other receivables as of 31 March 2024.

The Group has taken steps to assess the historical periods' financial information related to trade and other receivables that are still recorded. However, due to the lack of information and knowledge transferred from the predecessor finance team and personnel, the Group's current finance team endeavoured to the fullest extent possible to identify and potentially impair these trade and other receivables.

2.6 Bank Balances and Borrowings

Efforts taken by the Company to resolve the issue:

The Board wishes to highlight that management has provided the confirmation request to the auditor for their submission to the bank. In the meantime, management has given full assistance by contacting the corporate bank Relationship Manager to assist and expedite the process from the Credit Office.

2.7 Trade and Other Payables

Efforts taken by the Company to resolve the issue:

The finance team and key management have already taken proactive steps to prioritise and implement measures aimed at strengthening the documentation process. These measures include enhancing digital document retention for payable invoices, procedures, and workflows on a monthly and quarterly basis.

2.8 Revenue and Contract Liabilities

Efforts taken by the Company to resolve the issue:

Sale of products

The Group sells beauty, wellness and haircare products directly to customers. Revenue from the sale of products is recognised at a point in time when the products are delivered to the customer, all criteria for acceptance have been satisfied, and the customer obtains control of the products, including the legal title to the goods and the significant risks and rewards of ownership of the products.

Beauty, slimming and spa service treatments and hairdressing treatments

Revenue from beauty, slimming, spa service treatments, and hairdressing treatments are recognised when services are rendered. Billed amounts for services not rendered at the end of the reporting period are recognised as advance consideration and included in contract liabilities.

The finance team and key management have already placed significant focus on enhancing the sales documentation process. They have implemented digital document retention for sales invoices and other transactional records, like treatment cards, to showcase occurrences, procedures, and workflows, following a monthly and quarterly schedule.

2.9 Staff Costs and Other Operating Expenses

Efforts taken by the Company to resolve the issue:

The current finance team and key management have already made a significant effort to fortify the digital documentation of commission expenses. This aims to illustrate the occurrences, procedures, and workflow on a monthly and quarterly basis.

2.10 Related Party Balances and Transactions

Efforts taken by the Company to resolve the issue:

The Board underscores that the challenges faced by the auditor, as mentioned above, primarily stem from the carrying amount and opening balances as at April 1, 2022.

The finance team and key management have already made a significant push to implement and strengthen digital documentation for related party transactions. This effort is aimed at illustrating the occurrences, procedures, and workflow on a monthly and quarterly basis.

2.11 Income Taxes

Efforts taken by the Company to resolve the issue:

The Board emphasises the Group's recognition of the significance of adhering to tax laws and regulations while upholding transparency in financial reporting. We take the implications of tax matters seriously and are dedicated to addressing any necessary adjustments. Should our review mandate adjustments, we are committed to promptly revising our financial statements or relevant documents. These changes will accurately depict revised or corrected information, ensuring our income taxes are adjusted correctly. Timely and precise tax reporting is a priority, and we are committed to managing any adjustments essential for compliance with tax laws and regulations.

2.12 Going Concern Assumptions

Efforts taken by the Company to resolve the issue:

The Board wishes to highlight that on 30 June 2024, the controlling shareholder pledged ongoing financial support to the Group and the Company for the subsequent 12 months. This commitment includes refraining from demanding immediate payments for amounts owed by the Group and the Company, ensuring their ability to function as a going concern.

In the meantime, the Company is exploring various options, including potential strategies such as (i) converting shareholder loans/payables into equity shares for recapitalisation, (ii) considering rights issue or share placement to secure additional working capital, and/or (iii) potentially seeking a shareholder loan from the corporate shareholder.

In addition, the Group has also provided cash flow forecasts and assumptions to the Board and auditor for their assessment and review. The Group will work towards the realisation of its forecast to generate positive cash flows from the current operations to fulfil the payment of current liabilities as and when they fall due.

On 2 April 2024, the Group entered into a non-binding memorandum of understanding with Hong Choi International Limited ("**HCI**") to establish a basis of cooperation and collaboration in the sales and marketing of selling energy capsules and medical beauty products in Singapore, Hong Kong and Southeast Asia. Subsequently, on 19 April 2024, the Group and/or its nominated/designated subsidiary entered into a binding term sheet with HCI to incorporate a company in Hong Kong for the strategic collaboration to carry out the business in the sales and marketing of selling energy capsules and medical/non-medical beauty products in Singapore, Hong Kong and Macau.

Concurrently, the Group have also launched its new Anti-Aging Skin Care Product, JUVE, by Organica International Holdings Pte Ltd (a wholly-owned subsidiary "**Organica**") in Singapore, Taiwan and Malaysia from March 2024 as a Direct Selling venue. In May 2024, Organica management successfully attained the Taiwan direct selling licence and collaborated with the Taiwan direct selling team to start generating sales for the Group.

The Group continues to be (i) prudent with its cash flow planning and will take active measures to trim laggard cash-generating units to focus on higher margin and higher value services, pivoting on the tried and tested and what the Group does best amid high rentals and payroll costs (ii) implement staff incentive schemes (which may include the Performance Share Plan) for staff retention in the tight labour market environment (iii) digital transformation to drive revenue with lower upfront costs, and (iv) potential corporate fundraising exercises.

Given the foregoing, the Board believes that the Group and the Company can continue operating as going concerns.

3. Review of the performance of the group

a. Statement of Profit or Loss and Other Comprehensive Income

Revenue recorded by the Group for 3 months for the financial period ended 30 June 2024 ("**1QFY25**") amounted to \$1.0 million, a decrease of \$0.3 million as compared to \$1.3 million for the 3 months ended 30 June 2023 ("**1QFY24**"). This was mainly due to the decrease in revenue from the beauty, slimming, and spa treatment services in 1QFY25, primarily due to slower sales activities.

Other operating income decreased by \$0.4 million from \$0.4 million in 1QFY24 to \$5,000 in 1QFY25, mainly attributable to the various Government support measures.

Purchases and related costs (including changes in inventories) increased by \$7,000 from \$44,000 in 1QFY24 to \$51,000 in 1QFY25.

Depreciation of plant and equipment decreased by \$4,000 from \$81,000 in 1QFY24 to \$77,000 in 1QFY25.

Depreciation of right-of-use assets and operating lease expenses on a combined basis decreased by \$64,000 in 1QFY25, mainly attributable to the lease termination of an outlet.

Staff costs decreased by \$0.1 million in 1QFY25, mainly due to lower commission pay-out due to lower revenue.

As a result of the above factors, the Group reported a net loss of \$0.6 million in 1QFY25, compared to a net loss of \$0.7 million in 1QFY24.

b. Statement of Financial Position

Current and non-current assets

The Group's non-current assets decreased by approximately \$0.1 million, mainly due to the decrease in plant and equipment and right-of-use assets of \$0.1 million as at 30 June 2024.

The Group's current assets increased by approximately \$0.4 million, mainly due to the increase in trade and other receivables of \$0.4 million as at 30 June 2024, arising mainly from heightened sales activities from Organica International Holdings Pte Ltd, a wholly-owned subsidiary ("**Organica**").

Current and non-current liabilities

The net increase in the Group's current and non-current liabilities by approximately \$1.5 million was mainly due to the following:

- (i) an increase in contract liabilities of \$0.5 million arising from prepaid packages recorded;
- (ii) an increase in trade and other payables of \$1.3 million attributed to the relocation of the headquarters, reinstatement costs for the previous office building, and deployment in the Taiwan market;
- (iii) net increase in borrowings amounting to \$0.1 million;

- (iv) net decrease in lease liabilities of \$0.3 million; and
- (v) net decrease in provisions of \$0.1 million.

Equity

The Group recorded a negative working capital of \$11.5 million and a negative equity of \$12.1 million as at 30 June 2024.

As at 30 June 2024, the Company's current liabilities exceeded its current assets by \$5.5 million, and the Company had a deficit in equity of \$5.5 million.

Barring any unforeseen circumstances, the Board is of the opinion that the Group can continue as a going concern and meet its short-term debt obligations when they fall due as the Group continues to be (i) prudent with its cash flow planning and to take active measures to streamline its business and reduce costs, (ii) focus on new sales initiative via social media platforms to drive revenue with lower upfront costs, (iii) continued financial support from its controlling shareholder Suki Sushi Pte Ltd, and (iv) potential corporate fundraising exercises.

c. Statement of Cash Flows Statement

The Group's net cash generated from operating activities for the financial period ended 30 June 2024 of approximately \$0.1 million comprised mainly the following:

- (i) Depreciation of plant and equipment and depreciation of right-of-use assets of \$0.3 million;
- (ii) Increase in a change in trade and other receivables of \$0.4 million arising from heightened sales activity from Organica; and
- (iii) Increase in a change in trade and other payables of \$0.9 million arising from other accruals.

The Group's net cash used in investing activities for the financial period ended 30 June 2024 was approximately \$0.2 million, mainly due to the addition of plant and equipment and acquisition of right-of-use assets of \$0.2 million, which was related to the renovation of a new outlet.

The Group's net cash generated from financing activities for the financial period ended 30 June 2024 of approximately \$61,000 was mainly due to:

- (i) Net proceeds from borrowing of \$0.2 million; and
- (ii) Repayment of lease liabilities of \$0.2 million.

As a result, the total cash and cash equivalents as at 30 June 2024 were \$0.1 million.

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

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

5. A commentary at the date of the announcement of the 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.

The Group anticipates a challenging period influenced by several factors, including uncertainties in consumer spending driven by ambiguity surrounding interest rate expectations. Additionally, ongoing and/or potential geopolitical tensions could further impact economic activities, which may affect consumer confidence in the Southeast Asia retail and service markets where the Group operates, potentially leading to more conservative consumption behaviour.

In alignment with the Group's business transformation strategy, efforts are underway to streamline operations by consolidating business units and segments to enhance cost-efficiency and increase brand awareness. The Group is actively considering various strategic options, including fundraising, acquiring suitable businesses, and restructuring existing assets, with a continued focus on prudent cash flow management. The implementation of the Group's inorganic growth strategy is expected to incur professional fees for services such as assessing M&A targets, managing corporate actions, and protecting the Group's intellectual properties in overseas markets. Additionally, management is exploring R&D investments in next-generation skincare and wellness products for future innovative launches.

As the Group re-emphasises its core beauty and wellness business to achieve scale and complexity, an increase in frontline hiring is anticipated, leading to higher staff costs. This, coupled with increased expenses such as marketing and brand awareness fees, as well as costs associated with new openings, relocations, or refurbishments of outlets, is expected to result in higher administrative expenses in the forthcoming periods.

6. Dividend

a. Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None. No dividend has been declared or recommended for 1QFY25 in view of the Group's financial position as at 30 June 2024 and as the Group wishes to conserve cash to fulfil the operational and financial requirements of the Group.

b. Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

c. Date payable

Not applicable.

d. Books closure date

Not applicable.

7. Interested person transaction

No IPT mandate has been obtained for the period under review.

8. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules

The Company confirms that it has procured undertakings from all of its directors and executive officers in the required format as set out in Appendix 7H under Rule 720(1) of the Listing Manual of the SGX-ST.

9. Negative confirmation pursuant to Rule 705(5) of the Catalist Rules

The Company's Board of Directors hereby confirms that to the best of their knowledge, nothing has come to the attention of the Board which may render the interim financial results set out above to be false or misleading in any material aspect.

10. Disclosures on acquisition or sale of shares pursuant to Rule 706A of the Catalist Rules

Not applicable. There were no acquisitions and/or sale of shares for the relevant financial period reported on.

11. Please disclose the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use

Where the proceeds have been used for working capital purposes, a breakdown with specific details on how the proceeds have been applied must have been disclosed

Not applicable. There are no outstanding proceeds raised from IPO or any offerings for the period under review.

BY ORDER OF THE BOARD

Ho Yow Ping (He YouPing)
Chief Executive Officer

14 August 2024

This announcement has been reviewed by the Company's Sponsor, Evolve Capital Advisory Private Limited (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST"), and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Jerry Chua (Tel: (65) 6241 6626), at 138 Robinson Road, #13-02 Oxley Tower, Singapore 068906.