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

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE 3 MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2022

In view of the qualified opinion issued by the Company's independent auditors, Mazars LLP, on the audited financial statements of the Group for the financial ended 31 March 2022, the Company is required by the Singapore Exchange Securities Trading Limited to announce its quarterly financial statements pursuant to Catalist Rule 705.

Contents

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

		GROUP		
		3 months ended 30 June 2022	3 months ended 30 June 2021	Variance
	Note	$'000	$'000	%
Revenue	4	2,280	3,653	(38)
Other operating income	6	69	347	(80)
Purchases and related costs		(218)	(678)	(68)
Depreciation of plant and equipment		(73)	(107)	(32)
Depreciation of right-of-use assets		(448)	(493)	(9)
Staff cost		(1,530)	(1,924)	(20)
Operating lease expenses		(172)	(144)	19
Other operating expenses		(451)	(553)	(18)
Finance cost		(70)	(142)	(51)
Loss before income tax		**(613)**	**(41)**	>100
Income tax expense		-	-	N.M.
Loss for the financial period		**(613)**	**(41)**	>100
Other comprehensive (loss)/income for the period, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations		39	3	>100
Other comprehensive income for the period, net of tax		39	3	>100
Total comprehensive loss for the period		(574)	(38)	>100
Loss attributable to:				
Equity holders of the Company		(551)	(29)	>100
Non-controlling interests		(62)	(12)	>100
		(613)	(41)	>100
Total comprehensive loss attributable to:				
Equity holders of the Company		(512)	(26)	>100
Non-controlling interests		(62)	(12)	>100
		(574)	(38)	>100
Loss per share attributable to equity holders of the Company during the period:				
Weighted average number of ordinary shares		232,172,215	228,684,029	
- Basic loss per share (Cents)		(0.24)	(0.01)	
- Diluted loss per share (Cents)		(0.24)	(0.01)	

B. Condensed interim consolidated statements of financial position

		Group		Company	
		30 June 2022	31 March 2022	30 June 2022	31 March 2022
	Note	$'000	$'000	$'000	$'000
ASSETS					
Non-Current Assets					
Plant and equipment	10	1,284	1,347	-	-
Right-of-use assets	8	2,702	2,963	-	-
Intangible assets	9	81	90	-	-
Derivative financial instruments		320	320	-	-
Goodwill	9	2,586	2,586	-	-
Deferred tax assets		351	351	-	-
Investment in subsidiaries		-	-	2,507	2,507
		7,324	**7,657**	**2,507**	**2,507**
Current Assets					
Inventories		424	546	-	-
Trade and other receivables		846	1,079	8,557	8,406
Other assets		1,308	1,288	37	19
Cash and cash equivalents		1,039	1,353	2	130
		3,617	**4,266**	**8,596**	**8,555**
Total Assets		**10,941**	**11,923**	**11,103**	**11,062**
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	12	11,944	11,944	11,944	11,944
Reserves		(18,325)	(17,813)	(13,971)	(13,959)
Non-controlling interests		274	336	-	-
Total Equity		**(6,107)**	**(5,533)**	**(2,027)**	**(2,015)**
Non-Current Liabilities					
Borrowings	11	129	32	-	-
Lease liabilities	11	1,422	1,902	-	-
Provision		149	143	-	-
Deferred tax liabilities		299	299	-	-
		1,999	**2,376**	**-**	**-**
Current Liabilities					
Trade and other payables		7,164	6,874	12,463	12,410
Deferred consideration payable		667	667	667	667
Borrowings	11	722	1,160	-	-
Lease liabilities	11	3,632	3,557	-	-
Contract liabilities		2,394	2,329	-	-
Provision		337	355	-	-
Current tax liabilities		133	138	-	-
		15,049	**15,080**	**13,130**	**13,077**
Total Liabilities		**17,048**	**17,456**	**13,130**	**13,077**
Total Equity and Liabilities		**10,941**	**11,923**	**11,103**	**11,062**

C. Condensed interim consolidated statements of changes in equity

The Group

	Attributable to equity holders of the Group							
	Share Capital $'000	Merger Reserve $'000	Capital Reserve $'000	Foreign Currency Translation Reserve $'000	Accumulated Losses $'000	Atrributable to owners of the Company $'000	Non-controlling interest $'000	Total Equity $'000
2022								
Balance as at 1 April 2022	11,944	(927)	(184)	(218)	(16,484)	(5,869)	336	(5,533)
Loss for the period	-	-	-	-	(551)	(551)	(62)	(613)
Other comprehensive loss								
- Foreign currency translation differences	-	-	-	39	-	39	-	39
Total comprehensive loss for the financial period	-	-	-	39	(551)	(512)	(62)	(574)
Issuance of shares	-	-	-	-	-	-	-	-
Balance as at 30 June 2022	11,944	(927)	(184)	(179)	(17,035)	(6,381)	274	(6,107)

	Share Capital $'000	Merger Reserve $'000	Capital Reserve $'000	Foreign Currency Translation Reserve $'000	Accumulated Losses $'000	Atrributable to owners of the Company $'000	Non-controlling interest $'000	Total Equity $'000
2021								
Balance as at 1 April 2021	11,601	(927)	(184)	(240)	(15,306)	(5,056)	447	(4,609)
Profit for the period	-	-	-	-	(29)	(29)	(12)	(41)
Other comprehensive loss								
- Foreign currency translation differences	-	-	-	3	-	3	-	3
Total comprehensive loss for the financial period	-	-	-	3	(29)	(26)	(12)	(38)
Balance as at 30 June 2021	11,601	(927)	(184)	(237)	(15,335)	(5,082)	435	(4,647)

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

The Company

2022	Share Capital $'000	Capital Reserve $'000	Accumulated Losses $'000	Total $'000
	Attributable to equity holders of the Company			
Balance as at 1 April 2022	11,944	215	(14,174)	(2,081)
Loss for the period	-	-	(12)	(12)
Total comprehensive loss for the financial period	-	-	(12)	(12)
Balance as at 30 June 2022	11,944	215	(14,186)	(2,027)

	Share Capital $'000	Capital Reserve $'000	Accumulated Losses $'000	Total $'000
2021				
Balance as at 1 April 2021	11,601	215	(13,897)	(2,081)
Loss for the year	-	-	(54)	(54)
Total comprehensive loss for the financial period	-	-	(54)	(54)
Balance as at 30 June 2021	11,601	215	(13,951)	(2,135)

D. Condensed interim consolidated statement of cash flows

		Group	
		3 months ended 30 June 2022	3 months ended 30 June 2021
	Note	$'000	$'000
Cash Flows from Operating Activities			
Loss before taxation		**(613)**	**(41)**
Adjustments for:			
Depreciation of plant and equipment		73	107
Depreciation of right-of-use assets		448	493
Amortisation of intangible assets	9	9	9
Finance cost	6	70	142
Operating profit before working capital changes		**(13)**	**710**
Change in inventories		122	(220)
Change in trade, other receivables and other assets		213	(717)
Change in trade, other payables and contract liabilities		381	398
Cash generated from operations		**703**	**171**
Income tax paid		(5)	(53)
Net cash generated from operating activities		**698**	**118**
Cash Flows from Investing Activities			
Acquisition of plant and equipment	10	(9)	(124)
Net cash used in investing activities		**(9)**	**(124)**
Cash Flows from Financing Activities			
Proceeds from borrowings	11	250	500
Repayment of borrowings	11	(590)	(88)
Repayment of lease liabilities	11	(593)	(674)
Interest paid		(70)	(47)
Restricted cash used		60	-
Net cash used in financing activities		**(943)**	**(309)**
Net changes in cash cand cash equivalents		(254)	(315)
Cash and cash equivalents at beginning of period		733	942
Cash and cash equivalents at end of period		**479**	**627**
Cash and cash equivalents		1,039	1,247
Restricted cash		(560)	(620)
		479	**627**

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 as at and for the three months ended 30 June 2022 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)

(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 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the financial year ended 31 March 2022.

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, which is the Company's functional currency.

<u>Going concern</u>

The Group recorded a net loss and total comprehensive loss of $613,000 and $574,000 (2021: net loss and total comprehensive loss of $41,000 and $38,000) for the 3 months ended 30 June 2022. As at 30 June 2022, the Group's current liabilities exceeded its current assets by $11,432,000 (31 March 2022: $10,814,000), and the Group had a deficit in equity of $6,107,000 (31 March 2022: $5,533.00).

As at 30 June 2022, the Company's current liabilities exceeded its current assets by $4,534,000 (31 March 2022: $4,522,000), and the Company had a deficit in equity of $2,027,000 (31 March 2022: $2,015,000).

As at 30 June 2022, the Group's current liabilities included contract liabilities related to non-refundable payments received in advance from customers amounting to $2,394,000 (31 March 2022: $2,329,000). Excluding this amount, the Group's current liabilities would be $12,655,000 (31 March 2022: $12,751,000) compared to current assets of $3,617,000 (31 March 2022: $4,266,000) as at 30 June 2022.

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 the holding company has given an undertaking on 8 July 2022 to provide financial support to the Group and the Company for at least 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 2022, 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 and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods, as discussed below:

Reference	**Description**	**Effective date (Annual periods beginning on or after)**
Amendments to SFRS(I) 3	Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to SFRS(I) 1-1	Classification of Liabilities as Current or Non- current	1 January 2023
Amendments to SFRS(I) 17	Insurance Contract	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to SFRS(I) 1-8	Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Various	Annual Improvements to SFRS(I)s 2018-2021	1 January 2022

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. Actual results may differ from the estimates.

Critical judgements made in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has not made any judgements that will have a significant effect on 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 is different from the amounts that were 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 a significant change in circumstances occurs, which affects the assessment, and that is within the control of the lessee. For leases of office premises and service outlets, the Group considers factors including historical lease durations and the costs and business disruption required to replace the leased asset.

- If there are significant penalties 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**"). Then it should 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 that information is regularly reviewed by the CODM. 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.

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units ("**CGU**") as follows:

	30 June 2022	31 March 2022
	$'000	$'000
Goodwill:		
Monsoon Hairdressing Group	2,586	2,586
	2,586	2,586

The carrying amounts of goodwill attributable to the Monsoon Hairdressing Group's cash-generating unit ("**Monsoon CGU**") comprise of:

- Monsoon Hair House Pte. Ltd.
- M Nature Pte. Ltd.
- M Plus Hair Pte. Ltd.
- Hatsuga Enterprise Pte. Ltd.
- Starting Line Trading Pte. Ltd.

The recoverable amount of a CGU is determined based on the higher of fair value less cost to sell ("**FVLCTS**"), and value-in-use ("**VIU**") calculations. The VIU calculations use cash flow projections based on financial budgets prepared by management covering a five-year period each for Monsoon CGU and a five-year period with terminal value. Key assumptions used for VIU calculations are disclosed in Note 18 to the financial statements in Annual Report FY2022.

The key assumptions for the value-in-use calculations are those regarding the discount rates, revenue growth rates, terminal growth rate and gross profit margin for the forecasted periods. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The revenue growth rates are estimated based on the historical growth of respective CGUs and the long-term average growth rate of Singapore's Consumer Price Index ("**CPI**"). The gross profit margin is based on past practices and expectations of future market changes.

A change in the parameters used in the analysis of each CGU would result in a different VIU.

The carrying amount of goodwill as at 30 June 2022 and 31 March 2022 amounted to $2,586,000.

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 judgement in making these assumptions and selecting the inputs to the ECL calculation based on the Group's past collection history, existing market conditions, as well as 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 make an estimate of 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
Determining whether investments in subsidiaries are impaired requires an estimation of the value-in-use of the investments. The value-in-use calculation requires the Company to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows.

On 30 June 2022, the carrying amounts of investments in subsidiaries are $2,507,000 (31 March 2022: $2,507,000). Management has evaluated the recoverability of the investment based on such estimates. A decrease in the present value of estimated future cash flows will increase the allowance for impairment of investments in subsidiaries.

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 current 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 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 of the leases whereby the Group is the lessee, the IRIIL is not readily determinable. Therefore, the Group estimates the IBR relevant to each leased asset by using observable inputs (such as market interest rate and asset yield) when available and then making certain lessee-specific adjustments (such as a group entity's credit rating).

Provision of reinstatement cost
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 carrying amount of the provision as at 30 June 2022 was $486,000 (31 March 2022: $498,000). An increase in the estimated pre-tax discount rate used would decrease the carrying amount of the provision.

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 that offers different types of products and services. The Group's reportable segments are as follows:-

- Beauty, slimming and spa treatment for women
- Beauty, slimming and spa treatment for men
- Direct selling
- Hairdressing

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

4.1 Reportable segments

Group	Beauty, slimming and spa treatment for women		Beauty, slimming and spa treatment for men		Direct selling		HairDressing		Total	
	3 months ended 30 Jun 22	3 months ended 30 Jun 21	**3 months ended 30 Jun 22**	3 months ended 30 Jun 21	**3 months ended 30 Jun 22**	3 months ended 30 Jun 21	**3 months ended 30 Jun 22**	3 months ended 30 Jun 21	**3 months ended 30 Jun 22**	3 months ended 30 Jun 21
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue	**1,352**	1,269	**31**	31	**19**	169	**983**	2,194	**2,385**	3,663
Inter-segment revenue	**(34)**	(10)	**-**	-	**-**	-	**(71)**	-	**(105)**	(10)
External revenue	**1,318**	1,259	**31**	31	**19**	169	**912**	2,194	**2,280**	3,653
Other information:										
Other operating income	**54**	224	**5**	8	**5**	9	**5**	106	**69**	347
Purchases and related costs	**(41)**	(67)	**-**	-	**(18)**	(8)	**(51)**	(975)	**(110)**	(1,050)
Changes in inventories	**(4)**	196	**-**	-	**-**	181	**(104)**	(5)	**(108)**	372
Staff costs	**(949)**	(1,007)	**(18)**	(84)	**(26)**	(27)	**(537)**	(806)	**(1,530)**	(1,924)
Depreciation of plant and equipment	**(19)**	(43)	**-**	-	**-**	-	**(54)**	(64)	**(73)**	(107)
Depreciation of right-of-use assets	**(189)**	(211)	**-**	-	**-**	-	**(259)**	(282)	**(448)**	(493)
Operating lease expense	**(69)**	(112)	**-**	-	**-**	-	**(103)**	(32)	**(172)**	(144)
Other operating expenses	**(327)**	(385)	**(5)**	(9)	**(18)**	(10)	**(101)**	(149)	**(451)**	(553)
Finance costs	**(50)**	(99)	**-**	-	**-**	-	**(20)**	(43)	**(70)**	(142)
Loss before taxation									**(613)**	(41)
Income tax expense									**-**	-
Loss for the year									**(613)**	(41)
Other information										
Assets										
Segment assets	**4,157**	7,259	**76**	148	**63**	178	**6,645**	6,284	**10,941**	13,869
Liabilities										
Segment liabilities	**12,447**	12,514	**138**	128	**84**	89	**4,246**	5,656	**16,915**	18,387
Unallocated liabilities										
- Income tax payables	**-**	-	**-**	-	**-**	-	**133**	129	**133**	129
Total liabilities									**17,048**	18,516
Other disclosure										
Capital expenditure	**(3)**	(40)	**-**	-	**-**	-	**(6)**	(84)	**(9)**	(124)
Depreciation of plant and equipment	**19**	43	**-**	1	**-**	-	**54**	64	**73**	108
Depreciation of right-of-use assets	**189**	211	**-**	-	**-**	5	**259**	282	**448**	498
Amortisation of intangible assets	**-**	-	**-**	-	**-**	-	**9**	9	**9**	9

4.2 Disaggregation of Revenue

	Singapore		Malaysia		Taiwan		Total	
	3 months ended 30 Jun 22	3 months ended 30 Jun 21	**3 months ended 30 Jun 22**	3 months ended 30 Jun 21	**3 months ended 30 Jun 22**	3 months ended 30 Jun 21	**3 months ended 30 Jun 22**	3 months ended 30 Jun 21
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue - Sales to external customers	**2,148**	3,568	**132**	85	**-**	-	**2,280**	3,653
Non-current assets#	**6,733**	8,315	**240**	168	**-**	-	**6,973**	8,483

Note # - exclude deferred tax assets.

5. Financial assets and financial liabilities

	The Group		The Company	
	As at 30 June 2022	As at 31 March 2022	**As at 30 June 2022**	As at 31 March 2022
	$'000	$'000	**$'000**	$'000
Financial assets at fair value through profit or loss				
Derivative financial instrument	**320**	320	**-**	-
Financial assets at amortised cost				
Trade and other receivables#	**728**	1,079	**8,557**	8,399
Other assets#	**1,166**	1,187	**12**	19
Cash and cash equivalents	**1,039**	1,353	**2**	130
	2,933	3,619	**8,571**	8,548
Financial liabilities at amortised cost				
Other payables##	**5,260**	3,862	**12,458**	12,410
Lease liabilities	**5,054**	5,459	**-**	-
Borrowings	**851**	1,192	**-**	-
	11,165	10,513	**12,458**	12,410

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 2022 $'000	3 months ended 30 June 2021 $'000
Income		
Government grants	**38**	185
Rental rebate	**20**	72
Vendor rebate and Company's service fee income	**-**	90
Expenses		
Interest on borrowings	**(20)**	(56)
Interest on lease liabilities	**(49)**	(84)
Interest on Hire Purchase	**(1)**	(2)

6.2 Related party transactions

There are no material related party transactions apart from those disclosed under the section titled "Interested person transactions" 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 2022	As at 31 March 2022	**As at 30 June 2022**	As at 31 March 2022
	$'000	$'000	**$'000**	$'000
Net asset value per ordinary share based on issued share capital as at the end of the financial year reported on (Cents).	**(2.63)**	(2.38)	**(0.87)**	**(0.87)**

<u>Note:</u>

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 2022 (31 March 2022: 232,172,215).

8. Right-of-use assets

The Group	Retail outlets $'000	Motor vehicle $'000	Total $'000
<u>Cost</u>			
At 1 April 2021	13,221	207	13,428
Additions	1,830	29	1,859
Written off	(6,169)	-	(6,169)
Exchange differences	(4)	-	(4)
At 31 March 2022	**8,878**	**236**	**9,114**
Additions	**184**	**-**	**184**
Exchange differences	**6**	**-**	**6**
At 30 June 2022	**9,068**	**236**	**9,304**
<u>Accumulated depreciation</u>			
At 1 April 2021	10,017	157	10,174
Depreciation for the year	1,951	35	1,986
Written off	(6,006)	-	(6,006)
Exchange differences	(3)	-	(3)
At 31 March 2022	**5,959**	**192**	**6,151**
Depreciation for the year	**442**	**6**	**448**
Exchange differences	**3**	**-**	**3**
At 30 June 2022	**6,404**	**198**	**6,602**
<u>Carrying amount</u>			
At 30 June 2022	**2,664**	**38**	**2,702**
At 31 March 2022	2,919	44	2,963

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

9. Intangible assets

The Group	Non-compete agreement $'000
Cost	
At 1 April 2021	138
At 31 March 2022 and 30 June 2022	**138**
Accumulated amortisation	
At 1 April 2021	12
Amortisation	36
At 31 March 2022	48
Amortisation	**9**
At 30 June 2021	**57**
Carrying amount	
At 30 June 2022	**81**
At 31 March 2022	90

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

9.1 Goodwill

The Group	**As at 30 June 2022 $'000**	As at 31 March 2022 $'000
Goodwill arising on consolidation	**2,586**	2,586
(a) Goodwill arising on consolidation		
Cost		
At beginning of year/period	**2,586**	2,586
Additions arising from acquisition of subsidiaries	**-**	-
At end of year/period	**2,586**	2,586
Allowance for impairment losses		
At beginning and end of year/period	**-**	-
Net book value	**2,586**	2,586

Impairment tests for goodwill

As at 30 June 2022 and 31 March 2022, the carrying amount of goodwill is attributable to the Group's cash-generating units ("**CGU**") comprising of Monsoon Hairdressing Group ("**Monsoon CGU**").

The Group	**As at 30 June 2022 $'000**	As at 31 March 2022 $'000
Monsoon CGU	**2,586**	2,586
Net book value	**2,586**	2,586

As at 30 June 2022 and 31 March 2022, the carrying amount of goodwill is attributable to the Group's cash-generating units ("**CGU**") comprising of Monsoon Hairdressing Group ("**Monsoon CGU**"). No goodwill was allocated to other CGUs and they were not tested for impairment because there were no impairment indicators as at 30 June 2022. As at 30 June 2022, the recoverable amount of the Monsoon CGU has been estimated to be higher than its carrying amount and thus no impairment is required at the reporting date.

10. Plant and equipment

During the three months ended 30 June 2022, the Group acquired assets amounting to $9,000 (30 June 2021: $124,000).

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

	As at 30 June 2022 $'000	As at 31 March 2022 $'000
(a) Amount repayable in one year or less, or on demand (secured)		
Loans and borrowings	**722**	1,160
Leases liabilities	**3,632**	3,557
	4,354	4,717
(b) Amount repayable after one year (secured)		
Loans and borrowings	**129**	32
Leases liabilities	**1,422**	1,902
	1,551	1,934
	5,905	6,651

Loans and borrowings

i. The additional loan in 1QFY23 refers to a subsidiary's loan via a financial institution. The loan amounts to $250,000, has an interest of 36.0% and is repayable by 28 June 2022. The loan is secured by Ms Ho Yow Ping.

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 are restricted from assigning and subleasing the leased assets.

12. Share capital

The Company	As at 30 June 2022	As at 31 March 2022	As at 30 June 2022	As at 31 March 2022
	Number of ordinary shares		$'000	$'000
Issued and fully paid with no par value				
At beginning of year	**232,172,215**	232,172,215	**11,944**	11,944
At end of year	**232,172,215**	232,172,215	**11,944**	11,944

Note: -

There were no outstanding convertibles, treasury shares and subsidiary holdings as at 30 June 2022 and 31 March 2022.

There were no sales, transfers, cancellation 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 which have led to adjustments to this set of condensed interim consolidated financial statements.

F. Other information required by Catalist 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 2022 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 2022 and explanatory notes have not been audited or reviewed by the Company's 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 see paragraphs 2.1 – 2.4 below.
b) Please see the Company's separate announcement on 11 November 22 on the audit disclaimer.

The disclaimer of opinion from existing auditors ("**Mazars**") arises due to the following:

2.1 Qualified opinion of the previous auditor ("FKT") on FY21 financial statements

FKT had expressed a qualified opinion on the Sales and trade receivables of a subsidiary. FKT was unable to obtain trade receivables confirmations as at 31 March 2021 from two major customers and was also unable to verify whether the receipts by the subsidiary were from the two customers during the financial period ended 31 March 2021. The two customers are from China, and due to the strict Covid-19 movement restrictions implemented in China, the Company was unable to engage the two customers as effectively for the audit confirmation and for any supporting documents for audit verification. Accordingly, FKT was unable to determine that these sales and trade receivables are fairly stated.

Efforts taken by the Company to resolve the issue: The accounts receivable from the two major Chinese customers was approximately S$0.56m as at 31 March 2021, and that amount had since been settled fully in FY22.

2.2 Opening balances

Mazars were unable to perform necessary audit procedures to obtain sufficient appropriate audit evidence to determine whether the Group's and Company's opening balances as at 1 April 2021 audited by FKT were fairly stated. Mazars were unable to review FKT's audit work papers. A re-audit of the opening balances by Mazars was not feasible due to time and high-cost constraints.

Efforts taken by the Company to resolve the issue: The Company intends to resume audit on FY22 after the FY22 AGM.

2.3 Insufficient supporting documentation and records

Mazars expressed that they were unable to obtain relevant information and supporting documents necessary to complete the audit and consequently were unable to satisfy themselves on the appropriateness of the carrying amount of the assets and the completeness of the liabilities recorded in the statement of financial position as of 31 March 2022.

Efforts taken by the Company to resolve the issue:

The Board wishes to highlight that the difficulties experienced by the Auditors arose due to a series of organisational and operational restructuring exercises that were undertaken with the intention of streamlining the Group's operational processes amid the tight labour market. The restructuring exercise resulted in high staff attrition within the Group and Company, including the loss of several key personnel within the finance team who had the relevant background information on the historical financial information of the Group and who understood the requirements of an audit. The general tight labour market also rendered the staff more mobile when exploring alternative career options and moves.

With their departure at short notice, such responsibilities were not sufficiently handed over to the rest of the finance team, resulting in difficulties in the coordination of the audit process, which includes facilitating information requests between the Auditors and the relevant departments within the organisation. While the team had provided full cooperation to the Auditors during the course of the audit, they generally required a longer response time to the Auditor's requirements. Further, it being the Auditor's first year auditing the Company, they would require complete documentation of what ordinarily would have been updated to their permanent audit files. Their approach, working style, template and formats were also different. Consequently, the finance team was not able to collate and compile the supporting documents and/or provide sufficient explanations within the timelines requested by the Auditors for the completion of the audit.

In stabilising and strengthening the team, the group seeks to expand the team and upgrade staff skills and competency as a retention tool. The Group has implemented a skills gap assessment of the finance team and (i) requires existing members of the team to undergo the relevant training and (ii) recruited new members mainly with a higher tertiary qualification (diploma and accountancy degree holders) of experience/skills, creating a knowledge pool with backup capabilities within the finance team.

The Group and the Company intend to resume a re-audit on FY22 after the FY22 AGM.

2.4 Going concern assumptions

As at 31 March 2022, the Group's and Company's current liabilities exceeded its current assets by $10,814,000 and $4,522,000, respectively, while the Group and Company had a net capital deficiency of $5,533,000 and $2,015,000, respectively. The Group has also recorded a net loss and total comprehensive loss of $1,289,000 and $1,267,000 for the financial year ended 31 March 2022. These factors indicate the existence of a material uncertainty which may cast significant doubt on the Group's and Company's ability to continue as a going concern.

During the audit of FY22, the corporate shareholder of the Group gave a written undertaking on 8 July 2022 to provide financial support to the Group and the Company for the next 12 months to operate without any curtailment of operations.

However, Mazars were unable to assess the ability of the corporate shareholder to provide financial support to the Group and Company.

Efforts taken by the Company to resolve the issue:

The corporate shareholder is currently in the midst of a major transaction, which would generate net proceeds far in excess of the Company's cash requirements, lending credence to its written financial undertaking to the Company.

In the meantime, the Company may also explore a rights issue or share placement to raise additional working capital for the Group and/or to seek a shareholder loan from the corporate shareholder.

In addition, the Group has also provided cash flow forecasts and assumptions to the Board and auditors 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.

In view of the foregoing, the Directors are of the view that the Group is able to continue operating as a going concern.

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 2022 ("**1QFY23**") amounted to S$2.3 million, a decrease of $1.4 million as compared to $3.7 million for the 3 months ended 30 June 2021 ("**1QFY22**"). This was mainly due to the following:

(i) Decrease in revenue from the Monsoon Hairdressing group of companies ("**Monsoon**") by approximately $1.3 million in 1QFY23, the pace of activity recovery has been inconsistent, and the shrinking headcounts brought on by the tighter labour market have resulted in lower revenue; and
(ii) Increase in revenue from the beauty, slimming, and spa treatment services by approximately S$59,000, the better utilisation rate of prepaid packages by customers.

Other operating income decreased by $0.2 million from $0.3 million in 1QFY22 to $69,000 in 1QFY23. This is due to the reduction of the various Government support measures, and lower revenue results in lower vendor rebates. The Government support measures include the Jobs Support Scheme and Skills Future course support.

Purchases and related costs decreased by $0.5 million from $0.7 million in 1QFY22 to $0.2 million in 1QFY22, primarily due to lesser purchase of premium range products.

Depreciation of plant and equipment decreased by $34,000 in 1QFY23, mainly due to some plant and equipment having been fully depreciated.

Depreciation of right-of-use assets and operating lease expenses combined remained at approximately $0.6 million for both 1QFY22 and 1QFY23.

Staff costs decreased by $0.4 million from $1.9 million in 1QFY22 to $1.5 million in 1QFY23, mostly as a result of the tightening labour market in local government.

Other operating expenses decreased by $0.1 million from $0.6 million in 1QFY22 to $0.5 million in 1QFY23, primarily as a result of lower marketing and advertising costs and merchant fees on terminal collection.

As a result of the above factors, the Group reported a net loss of $0.6 million in 1QFY23, compared to a net loss of $41,000 in 1QFY22.

b. Statement of Financial Position

Current and non-current assets

The Group's non-current assets decreased by approximately $0.3 million, mainly due to:

(i) a decrease mainly due to depreciation and amortisation charges.

The Group's current assets decreased by approximately $0.6 million mainly due to:

(i) a decrease mainly due to lower sales revenue
(ii) a decrease in cash and cash equivalents of approximately $0.3 million, as explained under the statement of cash flow in paragraph (c) below.

Current and non-current liabilities

The net decrease in the Group's current and non-current liabilities by $0.4 million was mainly due to:

(i) repayment of borrowings amounting to $0.6 million in 1QFY23, which is partially offset by the additional drawdown of the short-term loan of $0.3 million by a subsidiary of the Company;
(ii) repayment amounting to $0.4 million of lease liabilities during the period; and
(iii) an increase in trade and other payables amounting to $0.3 million, which resulted mainly from an increase in other accruals.

Equity

The Group recorded a negative working capital of $11.4 million and a negative equity of $6.1 million as at 30 June 2022.

As at 30 June 2022, the Company's current liabilities exceeded its current assets by $4.5 million, and the Company had a deficit in equity of $2.0 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 fund-raising exercises.

c. Statement of Cash Flows Statement

Net cash inflow from operating activities for the period ended 30 June 2022 of $0.7 million comprised mainly the following:

(i) Operating loss of $0.6 million, depreciation of plant and equipment of $0.1 million, depreciation of right-of-use assets of $0.4 million and finance costs of $0.1 million;
(ii) Decrease in inventories of $0.1 million due to lower revenue;
(iii) Decrease in trade and other receivables of $0.2 million arising from receivables collections; and
(iv) Increase in trade and other payables of $0.3 million arising from other accruals.

Net cash used in investing activities for the period ended 30 June 2021 of $9,000 mainly due to the following:

(i) Acquisition of plant and equipment of approximately $9,000, which is the purchase of equipment at retail outlets and upgrade on the point-of-sale system.

Cash used in financing activities of about $0.9 million was mainly due to:

(i) New loan facilities obtained of $0.3 million by a subsidiary of the Company, net of interest paid of $0.1 million and repayment of borrowings of $0.6 million; and
(ii) repayment of lease liabilities of $0.6 million.

As a result of the above, the total cash and cash equivalents in 1QFY23 are $479,000.

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.

Despite the opening of borders across countries globally, challenges remain that can affect the pace of recovery. The prolonged effects of COVID-19 have continued to be felt in the beauty and wellness industry, which have inevitably disrupted and affected the operations of the Group's retail businesses. We remain cautious in navigating this challenging environment and display resilience in the face of any challenges that may arise in our journey towards full recovery.

Recovery is predicted to be gradual, with the horizon still marked by headwinds, including manpower shortages, cost pressures brought about by inflation and intense competition. Nevertheless, the Group will continue to take proactive measures to strengthen its financial position by preserving cash, optimising the cost structure for scale, developing agile operating processes to react quickly in today's ever-changing landscape, and actively managing our existing brand portfolio to drive growth and optimal returns. The Group will continue to work on diversification and expansion plans to achieve resilient growth and strategically position ourselves for the long term.

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 1QFY23 in view of the Group's financial position as at 30 June 2022 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

The Company does not have a general mandate from its shareholders for IPTs.

Name of Interested Person	Nature of relationship	Aggregate value of all IPTs during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S$ million)	Aggregate value of all IPTs conducted under shareholder's mandate pursuant to Rule 920 (excluding transactions less than S$100,000) (S$ million)
Suki Sushi Pte Ltd[1] (Operating lease expenses)	Mr Lee holds 72.87% interest in Suki Sushi, while Ms Ho holds 21.45%. Mr Lee is deemed interested in 110,466,839 shares representing 54.37% of the capital of the Company by virtue of his 72.87% shareholdings interest in Suki Sushi Pte Ltd ("**Suki Sushi**"). Ms Ho directly owns 32,680,000 Shares representing 16.08% of the Company's Shares, and is deemed interested in 54.37% of the Company by virtue of her 21.45% shareholding interest in Suki Sushi.	0.041	-

Note:
1. *Please refer to the Company's announcement dated 29 January 2021 for more details.*

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 board of directors of the Company confirm that, to the best of their knowledge, nothing has come to the attention of the board of directors which may render the interim financial results to be false or misleading in any material aspect.

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

Not applicable. There were no such acquisitions or disposal of shares during 1QFY23.

11. **Please disclose the status of 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. No such proceeds.

BY ORDER OF THE BOARD

Ho Yow Ping (He YouPing)
Chief Executive Officer
11 November 2022

This announcement has been reviewed by the Company's sponsor, Evolve Capital Advisory Private Limited (the "**Sponsor**"). This announcement 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.