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

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

In view of the qualified opinion issued by the Company's independent auditors, Foo Kon Tan LLP, on the audited financial statements of the Group for the financial year ended 31 March 2021, 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

	Note	GROUP 6 months ended 30 September 2021 $'000	GROUP 6 months ended 30 September 2020 $'000	Variance %	GROUP 3 months ended 30 September 2021 $'000	GROUP 3 months ended 30 September 2020 $'000	Variance %
Revenue	4	5,765	2,424	>100	2,112	1,576	34
Other operating income		790	1,405	(44)	443	940	(53)
Purchases and related costs		(1,164)	(182)	>100	(114)	(138)	(17)
Changes in inventories		188	(7)	N.M.	(184)	(78)	>100
Depreciation of plant and equipment		(208)	(23)	>100	(101)	61	N.M.
Depreciation of right-of-use assets		(981)	(106)	>100	(488)	(21)	>100
Staff cost		(3,703)	(1,482)	>100	(1,779)	(858)	>100
Operating lease expenses		(235)	(77)	>100	(91)	196	N.M.
Other operating expenses		(1,131)	(1,165)	(3)	(578)	(604)	(4)
Finance cost		(258)	(27)	>100	(116)	(23)	>100
(Loss)/Profit before income tax		**(937)**	**760**	N.M.	**(896)**	**1,051**	N.M.
Income tax (expense)/credit		-	-	N.M.	-	-	N.M.
(Loss)/Profit for the financial period		**(937)**	**760**	N.M.	**(896)**	**1,051**	N.M.
Other comprehensive income for the year, net of tax							
Items that may be reclassified subsequently to profit or loss:							
Exchange differences on translation of foreign operations		(14)	18	N.M.	(17)	(40)	(58)
Other comprehensive (loss)/income for the period, net		(14)	18	N.M.	(17)	(40)	(58)
Total comprehensive (loss)/income for the period		(951)	778	N.M.	(913)	1,011	N.M.
(Loss)/Profit attributable to:							
Equity holders of the Company		(859)	767	N.M.	(830)	1,055	N.M.
Non-controlling interests		(78)	(7)	>100	(66)	(4)	>100
		(937)	760	N.M.	(896)	1,051	N.M.
Total comprehensive (loss)/income attributable to:							
Equity holders of the Company		(873)	785	N.M.	(847)	1,015	N.M.
Non-controlling interests		(78)	(7)	>100	(66)	(4)	>100
		(951)	778	N.M.	(913)	1,011	N.M.
(Loss)/Earnings per share for loss for the period attributable to the owners of the Company during the year:							
- Basic EPS/(LPS) (Cents)		(0.38)	0.40		(0.37)	0.55	
- Diluted EPS/(LPS) (Cents)		(0.38)	0.40		(0.37)	0.55	

B. Condensed interim consolidated statements of financial position

		Group		Company	
		30 September 2021	31 March 2021	30 September 2021	31 March 2021
	Note	$'000	$'000	$'000	$'000
ASSETS					
Non-Current Assets					
Plant and equipment	10	1,142	1,215	1	2
Right-of-use assets	8	3,524	3,254	-	-
Intangible assets	9	108	126	-	-
Derivative financial instruments		320	320	-	-
Goodwill	9.1	2,586	2,586	-	-
Deferred tax assets		351	351	-	-
Investment in subsidiaries		-	-	2,507	2,507
		8,031	**7,852**	**2,508**	**2,509**
Current Assets					
Inventories		875	823	-	-
Trade and other receivables		1,207	1,120	8,257	7,717
Other assets		1,273	1,258	27	24
Cash and cash equivalents		1,539	1,562	9	96
		4,894	**4,763**	**8,293**	**7,837**
Total Assets		**12,925**	**12,615**	**10,801**	**10,346**
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	12	11,601	11,601	11,601	11,601
Reserves		(17,530)	(16,657)	(13,838)	(13,682)
Non-controlling interests		369	447	-	-
Total Equity		**(5,560)**	**(4,609)**	**(2,237)**	**(2,081)**
Non-Current Liabilities					
Lease liabilities	11	3,722	3,426	-	-
Borrowings	11	245	368	-	-
Deferred tax liabilities		299	299	-	-
Provision		176	199	-	-
		4,442	**4,292**	**-**	**-**
Current Liabilities					
Trade and other payables		6,979	6,145	12,027	11,416
Deferred consideration payable		1,011	1,011	1,011	1,011
Borrowings	11	801	342	-	-
Lease liabilities	11	2,760	3,260	-	-
Contract liabilities		2,069	1,637	-	-
Provision		355	355	-	-
Current tax liabilities		68	182	-	-
		14,043	**12,932**	**13,038**	**12,427**
Total Liabilities		**18,485**	**17,224**	**13,038**	**12,427**
Total Equity and Liabilities		**12,925**	**12,615**	**10,801**	**10,346**

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
2021								
Balance as at 1 April 2021	11,601	(927)	(184)	(240)	(15,306)	(5,056)	447	(4,609)
Loss for the period	-	-	-	-	(859)	(859)	(78)	(937)
Other comprehensive losses								
- Foreign currency translation differences	-	-	-	(14)	-	(14)	-	(14)
Total comprehensive loss for the financial period	-	-	-	(14)	(859)	(873)	(78)	(951)
Balance as at 30 September 2021	11,601	(927)	(184)	(254)	(16,165)	(5,929)	369	(5,560)

	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
2020								
Balance as at 1 April 2020	6,878	(927)	(399)	(311)	(17,257)	(12,016)	1,038	(10,978)
Loss for the period	-	-	-	-	767	767	(7)	760
Other comprehensive income								
- Foreign currency translation differences	-	-	-	18	-	18	-	18
Total comprehensive income/(loss) for the financial period	-	-	-	18	767	785	(7)	778
Balance as at 30 September 2020	6,878	(927)	(399)	(293)	(16,490)	(11,231)	1,031	(10,200)

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

The Company

Statement of Changes in Equity (Cont'd)

	Attributable to equity holders of the Company			
	Share Capital	**Capital Reserve**	**Accumulated Losses**	**Total**
2021	**$'000**	**$'000**	**$'000**	**$'000**
Balance as at 1 April 2021	11,601	215	(13,897)	(2,081)
Loss for the period	-	-	(156)	(156)
Total comprehensive loss for the financial period	-	-	(156)	(156)
Balance as at 30 September 2021	11,601	215	(14,053)	(2,237)

	Share Capital	**Capital Reserve**	**Accumulated Losses**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
2020				
Balance as at 1 April 2020	6,878	-	(9,339)	(2,461)
Loss for the year	-	-	(148)	(148)
Total comprehensive loss for the financial period	-	-	(148)	(148)
Balance as at 30 September 2020	6,878	-	(9,487)	(2,609)

D. Condensed interim consolidated statement of cash flows

		Group	
		6 months ended	6 months ended
		30 September 2021	30 September 2020
	Note	$'000	$'000
Cash Flows from Operating Activities			
(Loss)/Profit before taxation		**(937)**	**760**
Adjustments for:			
Depreciation of plant and equipment		208	23
Depreciation of right-of-use assets		981	106
Amortisation of intangible assets	9	18	-
Finance expenses	6	258	27
Operating profit before working capital changes		**528**	**916**
Change in inventories		(52)	(27)
Change in trade and other receivables		(102)	105
Change in trade and other payables		1,147	(81)
Cash generated from operations		**1,521**	**913**
Income tax paid		(113)	-
Net cash generated from operating activities		**1,408**	**913**
Cash Flows from Investing Activities			
Additions of plant and equipment	10	(137)	(281)
Net cash used in investing activities		**(137)**	**(281)**
Cash Flows from Financing Activities			
Proceeds from borrowings	11	500	-
Repayment of borrowings		(164)	-
Repayment of lease liabilities		(1,455)	(930)
Interest paid		(175)	(27)
Net cash used in financing activities		**(1,294)**	**(957)**
Net changes in cash cand cash equivalents		(23)	(325)
Cash and cash equivalents at beginning of period		942	1,127
Cash and cash equivalents at end of period		**919**	**802**
Cash and cash equivalents		1,539	1,422
Restricted cash		(620)	(620)
		919	**802**

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 which shares are publicly trade on Catalist of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the second quarter and six months ended 30 September 2021 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, skin care and hair care centres)
(b) Retail sale of cosmetics and toiletries and direct selling of skincare and health supplements

2. Basic of Preparation

The condensed interim financial statements for the second quarter and six months ended 30 September 2021 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 2021.

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 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 $937,000 and $951,000 (2020 net profit and total comprehensive income - $760,000 and $778,000) and reported a net operating cash inflows of $1,408,000 (2020 - $913,000) for the 6 months ended 30 September 2021. As at 30 September 2021, the Group's current liabilities exceeded its current assets by $9,149,000 (31 March 2021 - $8,169,000) and the Group had a deficit in equity of $5,560,000 (31 March 2021 - $4,609,000).

As at 30 September 2021, the Company's current liabilities exceeded its current assets by $4,745,000 (31 March 2021 - $4,590,000) and the Company had a deficit in equity of $2,237,000 (31 March 2021 - $2,081,000).

As at 30 September 2021, the Group's current liabilities included contract liabilities related to non-refundable payments received in advance from customers amounting to $2,069,000 (as at 31 March 2021 - $1,637,000). Excluding this amount, the Group's current liabilities would be $11,974,000 (31 March 2021 - $11,295,000) compared to current assets of $4,894,000 (31 March 2021 - $4,763,000) as at 30 September 2021.

Notwithstanding the above, management believes that the Group and the Company will have sufficient resources to continue in operation for the foreseeable future, after taking into consideration the Company's controlling shareholder has given an undertaking to provide financial support to the Group and the Company for the next 12 months from the date of the letter of undertaking (28 July 2021) to operate without any curtailment of operations.

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

2.1 New and amended standards adopted by the Group

On 1 April 2021, the Group and the Company have 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 are 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) 16	COVID-19 Related Rent Concessions	1 June 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021

2.2 Use of judgements and estimates

The preparation of the condensed interim consolidated financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the period in which the estimate is revised and in any future periods affected.

The critical accounting estimates and assumptions used and areas involving a significant judgement are described below.

Significant judgements in applying accounting policies

<u>Income tax</u>
The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be 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 provisions 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 the business activities and whether that information is regularly reviewed by the CODM. Judgement is applied by management of the aggregation criteria to operating segments.

Critical accounting estimates and assumptions used in applying accounting policies

Impairment tests for cash-generating units containing goodwill

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

	30 September 2021	31 March 2021
	$'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.

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 historical growth of respective CGUs and the long-term average growth rate of Singapore's Consumer Price Index ("CPI"). 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 September 2021 and 31 March 2021 amounted to $2,586,000.

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

Allowance for ECL of trade and other receivables are based on assumptions about 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. Probability of default constitutes a key input in measuring ECL. 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.

Possible default events over the expected life of a financial instrument whereas 12-month ECL represents the portion of lifetime ECL expected to result from default events possible within twelve months after the reporting date.

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

The Group reviews the estimated useful lives of plant and equipment 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 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, right-of-use assets and intangible assets

The carrying amounts of the plant and equipment, right-of-use assets and intangible assets are reviewed at the end of each reporting period to determine whether there is any indication that those plant and equipment 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 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.

At the reporting date, the carrying amounts of investments in subsidiaries are $2,507,000 (2020 - $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 lease 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 properties 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 September 2021 was $355,000 (31 March 2021 - $355,000). An increase in the estimated pre-tax discount rate used would decrease the carrying amount of 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 follow:-

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

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

4.1 Reportable segments

Group	6 months ended 30 Sep 21 $'000	6 months ended 30 Sep 20 $'000	6 months ended 30 Sep 21 $'000	6 months ended 30 Sep 20 $'000	6 months ended 30 Sep 21 $'000	6 months ended 30 Sep 20 $'000	6 months ended 30 Sep 21 $'000	6 months ended 30 Sep 20 $'000	6 months ended 30 Sep 21 $'000	6 months ended 30 Sep 20 $'000	6 months ended 30 Sep 21 $'000	6 months ended 30 Sep 20 $'000
Revenue	2,576	2,077	97	35	368	462	-	-	3,283	-	6,323	2,574
Inter-segment revenue	(128)	(150)	-	-	-	-	-	-	(431)	-	(558)	(150)
External revenue	2,448	1,927	97	35	368	462	-	-	2,852	-	5,765	2,424
Other information:												
Other operating income	451	1,096	20	130	10	179	-	-	309	-	790	1,405
Purchases and related costs	(193)	(126)	-	-	(3)	(56)	-	-	(968)	-	(1,164)	(182)
Changes in inventories	220	(7)	-	-	(24)	-	-	-	(8)	-	188	(7)
Staff costs	(1,955)	(1,305)	(167)	(115)	(81)	(62)	-	-	(1,500)	-	(3,703)	(1,482)
Depreciation of plant and equipment	(87)	(14)	-	-	-	(9)	-	-	(121)	-	(208)	(23)
Depreciation of right-of-use assets	(440)	(96)	-	-	-	(10)	-	-	(541)	-	(981)	(106)
Operating lease expense	(183)	(74)	-	(3)	-	-	-	-	(52)	-	(235)	(77)
Other operating expenses	(831)	(840)	(22)	(106)	(14)	(205)	(2)	(14)	(262)	-	(1,131)	(1,165)
Finance costs	(165)	(25)	-	(1)	-	(1)	-	-	(93)	-	(258)	(27)
Loss before taxation											(937)	760
Income tax expense											-	-
Loss for the year											(937)	760
Other information												
Assets												
Segment assets	4,274	2,868	161	159	127	499	32	36	8,331	-	12,925	3,562
Liabilities												
Segment liabilities	12,530	12,940	152	638	76	168	9	15	5,650	-	18,417	13,761
Unallocated liabilities												
- Income tax payables	-	1	-	-	-	-	-	-	68	-	68	1
Total liabilities											18,485	13,762
Other disclosure												
Capital expenditure	(30)	(281)	(4)	-	(19)	-	-	-	(84)	-	(137)	(281)
Depreciation of plant and equipment	87	14	-	-	-	9	-	-	121	-	208	23
Depreciation of right-of-use assets	440	96	-	-	-	10	-	-	541	-	981	106
Amortisation of intangible assets	-	-	-	-	-	-	-	-	18	-	18	-

4.2 Disaggregation of Revenue

	Singapore		Malaysia		Taiwan		Total	
	6 months ended 30 Sep 21 $'000	6 months ended 30 Sep 20 $'000	6 months ended 30 Sep 21 $'000	6 months ended 30 Sep 20 $'000	6 months ended 30 Sep 21 $'000	6 months ended 30 Sep 20 $'000	6 months ended 30 Sep 21 $'000	6 months ended 30 Sep 20 $'000
Revenue - Sales to external customers	5,670	1,891	95	533	-	-	5,765	2,424
Non-current assets#	7,567	384	113	171	-	19	7,680	574

Note # - exclude deferred tax assets and deposits.

4.3 Timing of Revenue Recognition

	6 months ended 30 September 2021			6 months ended 30 September 2020		
The Group	**At a point in time**	**Over time**	**Total**	At a point in time	Over time	Total
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Singapore						
Sales of goods	**1,754**	**-**	**1,754**	876	-	876
Beauty, slimming and spa service treatments	**-**	**1,480**	**1,480**	-	1,015	1,015
Hairdressing treatments	**-**	**2,436**	**2,436**	-	-	-
Malaysia						
Sales of goods	**16**	**-**	**16**	45	-	45
Beauty, slimming and spa service treatments	**-**	**79**	**79**	-	488	488
Taiwan						
Sales of goods	**-**	**-**	**-**	-	-	-
	1,770	**3,995**	**5,765**	921	1,503	2,424

5. Financial assets and financial liabilities

	The Group		The Company	
	As at 30 September 2021	As at 31 March 2021	**As at 30 September 2021**	As at 31 March 2021
	$'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#	**1,205**	1,111	**8,252**	7,710
Other assets#	**1,164**	1,149	**4**	4
Cash and cash equivalents	**1,539**	1,562	**9**	96
	3,908	3,812	**8,265**	7,810
Financial liabilities at amortised cost				
Other payables##	**6,295**	5,964	**12,025**	11,416
Lease liabilities	**6,482**	6,686	**-**	-
Borrowings	**1,046**	710	**-**	-
	13,823	13,360	**12,025**	11,416

Exclude goods and services tax and prepayments
Exclude goods and services tax

6. Loss before income tax

6.1 Significant items

	6 months ended 30 September 2021 $'000	6 months ended 30 September 2020 $'000
Income		
Government grants	**300**	711
Rental rebate	**360**	596
Vendor rebate and Company's service fee income	**86**	-
Expenses		
Interest on borrowings	**(81)**	-
Interest on lease liabilities	**(175)**	(24)
Interest on Hire Purchase	**(2)**	(3)

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 September 2021	As at 31 March 2021	**As at 30 September 2021**	As at 31 March 2021
Net asset value per ordinary share based on issued share capital as at the end of the financial year reported on (Cents).	**(2.43)**	(2.02)	**(0.98)**	**(0.91)**

Note:

Net asset value per ordinary share of the Group and Company are calculated by dividing net asset value of the Group and Company respectively by the number of issued ordinary shares of 228,684,029 as at 30 September 2021 (31 March 2021: 228,684,029).

8. Right-of-use assets

The Group	Retail outlets $'000	Motor vehicle $'000	Total $'000
Cost			
At 1 April 2020	6,688	237	6,925
Acquisition of subsidiaries	4,114	-	4,114
Additions	2,493	-	2,493
Disposal	(66)	(29)	(95)
Written off	(8)	(1)	(9)
At 31 March 2021	**13,221**	**207**	**13,428**
Additions	**1,251**	**-**	**1,251**
Exchange differences	**2**	**(1)**	**1**
At 30 September 2021	**14,474**	**206**	**14,680**
Accumulated depreciation			
At 1 April 2020	6,500	117	6,617
Acquisition of subsidiaries	2,558	-	2,558
Depreciation for the year	947	41	988
Disposal	(38)	-	(38)
Impairment losses recognised	55	-	55
Exchange differences	(5)	(1)	(6)
At 31 March 2021	**10,017**	**157**	**10,174**
Depreciation for the year	**971**	**10**	**981**
Exchange differences	**2**	**(1)**	**1**
At 31 September 2021	**10,990**	**166**	**11,156**
Carrying amount			
At 30 September 2021	**3,484**	**40**	**3,524**
At 31 March 2021	3,204	50	3,254

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 2020	-
Additions from acquisition of subsidiaries	138
At 31 March 2021 and 30 September 2021	**138**
Accumulated amortisation	
At 1 April 2020	-
Amortisation	12
At 31 March 2021	12
Amortisation	**18**
At 30 September 2021	**30**
Carrying amount	
At 30 September 2021	**108**
At 31 March 2021	126

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 September 2021 $'000**	As at 31 March 2021 $'000
Goodwill arising on consolidation	**2,586**	2,586

(a) Goodwill arising on consolidation		
Cost		
At beginning of year/period	**2,586**	-
Additions arising from acquisition of subsidiaries	**-**	2,586
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 September 2021 and 31 March 2021, 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 September 2021 $'000**	As at 31 March 2020 $'000
Monsoon CGU	**2,586**	-
Net book value	**2,586**	-

As at 30 September 2021 and 31 March 2021, 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 September 2021. As at 30 September 2021, the recoverable amount of the Monsoon CGU has been estimated to be higher that its carrying amount and thus no impairment is required at the reporting date.

10. Plant and equipment

During the six months ended 30 September 2021, the Group acquired assets amounting to $137,000 (30 September 2020: $281,000).

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

	As at 30 September 2021 $'000	As at 31 March 2021 $'000
(a) Amount repayable in one year or less, or on demand (secured)		
Loans and borrowings	**801**	342
Leases liabilities	**2,760**	3,260
	3,561	3,602
(b) Amount repayable after one year (secured)		
Loans and borrowings	**245**	368
Leases liabilities	**3,722**	3,426
	3,967	3,794
	7,528	7,396

Loans and borrowings

i. The Group's loans from financial institutions have maturity dates from 31 August 2022 to 31 March 2025.

   The loans are secured by the following:

   a. Joint and several guarantee of $300,000 executed by Ms Ho Yow Ping, CEO and Executive Chairman of the Group and Mr Lee Eng Tat, director of M2 Group Pte. Ltd.
   b. Corporate guarantee amounting to $300,000 by M2 Group Pte. Ltd.

ii. The additional loan in first quarter of 2022 refers to a subsidiary's loan via a financial institution through a P2P platform. The loan amounts to $500,000, has an interest of 11.0% and is repayable by 16 March 2022.

   The loan from the P2P platform 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 September 2021	As at 31 March 2021	As at 30 September 2021	As at 31 March 2021
	Number of ordinary shares		$'000	$'000
Issued and fully paid with no par value				
At beginning of period	**228,684,029**	228,684,029	**11,601**	11,601
At end of period	**228,684,029**	228,684,029	**11,601**	11,601

Note: -

There were no outstanding convertibles, treasury shares and subsidiary holdings as at 30 September 2021 and 31 March 2021. In respect of the acquisition of the Monsoon Hairdressing group of companies that was completed on 24 November 2020, approximately S$523,228 of the aggregate consideration will be payable on 31 December 2021 via the issuance of consideration shares at the issue price of S$0.15 per consideration share, provided that the FY2021 consolidated management accounts of the Monsoon Hairdressing group of companies is not in a net liability position.

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 September 2021 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 second quarter and six months ended 30 September 2021 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 have been adequately disclosed.
   This is not required for any audit issue that is a material uncertainty relating to going concern.

   The qualified opinion issued by the auditors were in relation to the auditors being unable to obtain trade receivables confirmation as at 31 March 2021 from two customers of Starting Line Trading Pte. Ltd. ("**Starting Line**"), namely HK Leading International Logistics Services Ltd ("**HK Leading**") and Sin Ann Trading & Logistics Ltd ("**Sin Ann**"). Relating thereto, the auditors were unable to verify if the receipts by Starting Line were from the said customers.

   Management continues engaging HK Leading and Starting Line on the above.

   Save as disclosed, the Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

3. **Review of the performance of the group**

The prolonging effects of COVID-19 have continued to disrupt and adversely affect the operations of the Group's retail business. The statements below are denominated in Singapore dollars.

a. Statement of Profit or Loss and Other Comprehensive Income

Revenue recorded by the Group for the 6 months financial period ended 30 September 2021 ("**HY22**") amounted to S$5.8 million, an increase by $3.3 million compared to $2.4 million for the 6 months financial period ended 30 September 2020 ("**HY21**"). For the 3 months financial period ended 30 September 2021 ("**2QFY22**"), revenue amounted to S$2.1 million, an increase by $0.5 million compared to $1.6 million for the 3 months financial period ended 30 September 2020 ("**2QFY21**") This is mainly due to the following:

(i) revenue contribution of approximately $2.9 million for HY21 and $0.7 million for 2QFY21 from the Monsoon Hairdressing group of companies ("**Monsoon**") acquired in November 2020; and

(ii) Increase in revenue from the beauty, slimming and spa treatment services and direct selling segment by approximately S$0.5 million for HY21, the corresponding period being affected by the Covid-19 Circuit Breaker in Singapore and the Movement Control Order ("**MCO**")/Conditional Movement Control Order ("**CMCO**") in Malaysia in FY2021.

Other operating income decreased by $0.6 million from $1.4 million for HY21 to $0.8 million for HY22 and by $0.5 million from $.0.9 million for 2QFY21 to $0.4 million for 2QFY22. This is due to the reduction of the various Government support measures relating to COVID-19 during the period under review, e.g. the significant reduction of rental rebates (available for the 4 months April 2020 to July 2020 inclusive). The Government support measures include the Jobs Support Scheme and Skills Future course support.

Purchases and related cost and changes in inventories combined increased by $0.8 million from $189,000 for HY21 to $1.0 million for HY22 and by $0.1 million from $0.2 million for 2QFY21 to $0.3 million for 2QFY22, primarily due to recognition of purchases and related costs by the Monsoon Hairdressing group of companies which were absent during HY21 and 2Q21.

Depreciation of plant and equipment increased by $0.2 million in HY22 and $0.2 million in 2QFY22 mainly due to additional equipment acquired for the retail outlets.

Depreciation of right-of-use assets increased by $0.9 million from $0.1 million for HFY21 to $1.0 million for HY22 and by $0.5 million from $21,000 for 2QFY21 to $488,000 for 2QFY22. The increase is mostly attributable to lease agreement renewals and the leases of the Monsoon retail outlets.

Staff costs increased by $2.2 million in HY22 and by $0.9 million in 2QFY22 mainly due to the absence of payroll from Monsoon hairdressing group of companies and the absence of commission payments during the Circuit Breaker period in Singapore and the MCO/CMCO period in Malaysia in both HY21 and 2QFY21.

Operating lease expenses increased from $0.2 million for HY21 to $0.2 million for HY22 and from ($196,000) in 2QFY21 to $91,000 for 2QFY22 mainly due to the extension of leases for lease periods below 12 months and an adjustment arising from the new accounting standard SFRS(I) 16 Leases.

Other operating expenses decreased marginally by $34,000 in HY22 and $26,000 in 2QFY22 due to the decrease in member incentives resulting from lower sales from the direct selling platform as well as reduced advertising and marketing expenses.

As a result of the above factors, the Group reported a net loss of $0.9 million for HY22, compared to a net profit of $0.8 million for HY21 and a net loss of $0.9 million for 2QFY22, compared to a net profit of $1.1 million for 2QFY21

b. Statement of Financial Position

<u>Current and non-current assets</u>

The Group's non-current assets increased by approximately $0.2 million, mainly due to an (i) increase in net book value of right-of-use assets of $0.3 million arising from lease renewals of outlets offset by the depreciation of right-of-use assets, and (ii) partially offset by the decrease in net book value of plant and equipment as a result of depreciation and intangible assets totalling $0.1 million.

The Group's current assets increased by approximately $131,000 mainly due to:

(i) Increase in trade and other receivables and other assets of approximately $102,000 as at 30 September 2021 arising mainly due to rental deposits for new outlets in Punggol.
(ii) Increase in inventories of $52,000 as at 30 September 2021, the main increase being inventory to facilitate online sales of beauty and wellness products.

The increases were offset by a decrease in cash and cash equivalents of approximately $23,000 as explained under the statement of cash flow in paragraph (c) below.

Current and non-current liabilities

The net increase in the Group's current and non-current liabilities by $1.3 million was mainly due to:

(i) P2P borrowings of $0.5 million by a subsidiary of the Company, more details of which can be found under Note 11 and offset by a repayment of borrowings amounting to $0.2 million;
(ii) an increase in contract liabilities of $0.4 million arising from prepaid packages recorded;
(iii) a decrease in current and non-current lease liabilities of $0.2 million due to an increase of $1.3 million on the Group's two lease renewals and one new outlet opened during the period, net of repayment of $1.5 million in lease liabilities; and
(iv) an increase in trade and other payables amounting to $0.8 million due to increase in accruals and rentals.

The increase was offset by tax paid of $114,000.

Equity

The Group recorded a negative working capital of $9.1 million and a negative equity of $5.6 million as at 30 September 2021.

As at 30 September 2021, the Company's current liabilities exceeded its current assets by $4.7 million and the Company had a deficit in equity of $2.2 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

The Group's net cash generated from operating activities in HY22 was $1.4 million. This was mainly due to:

(i) loss before tax of $0.9 million, offset by depreciation of plant and equipment amounting to $0.2 million, depreciation of right-of-use assets amounting to $1.0 million and finance cost of $0.3 million;
(ii) decrease in inventories and trade and other receivables of $52,000 and $0.1 million respectively; and
(iii) increase in trade and other payables of $1.1 million; and
(iv) payment of income tax of $0.1 million.

The Group's net cash used in investing activities in HY22 was $0.1 million arising from addition of plant and equipment of the Group, being the purchase of equipment at retail outlets.

The Group's net cash used in financing activities in HY22 was $1.3 million due to the repayment of lease liabilities of S$1.5 million, interest paid of S$0.1 million and increase of short-term borrowings of S$0.5 million, offset by the repayment of $0.2 million.

As a result of the above, total cash and cash equivalents used in HY22 was $23,000.

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 a 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 recently soft-launched new outlets in Punggol and right-sized and redecorated an outlet in Jurong. The new look and fresh vibes witnessed good responses from a new pool of customers. The Group is cautiously optimistic of converting the fresh demand into long-term demand.

The Group also recently re-commenced its Training Provider business, receiving its first few batches of trainees. Feedback has been positive and the Group looks forward to quickly scaling up.

On a more sombre note however, the recent Covid-19 rules limiting to group sizes of 2 vaccinated persons entering shopping malls and the high number of reported Covid-19 cases have dampened what initially appeared to be a glimmer of recovery hopes a few months ago. Further, the labour crunch doesn't appear to be improving either, stretching manpower utilisation to the fullest, requiring constant re-scheduling, timing and location reassignments of ground staff according to demand and bookings, and continual hiring and staff retention efforts and ideas being tested.

The Group has been nimble and versatile, adapting to constant changes, challenges and uncertainties. It will continue to do so, undeterred by the seeming accelerating pace of change and will continue to implement its transformation initiatives in order to reposition itself for the long term, while carefully controlling expenses, cashflow, and liquidity.

6. Dividend

<u>5a. Current Financial Period Reported On</u>

Any dividend declared for the current financial period reported on?

None. No dividend has been declared or recommended for HY22 in view of the Group's financial position as at 30 September 2021 and as the Group wishes to conserve cash to fulfil the operational and financial requirements of the Group.

<u>5b. Corresponding Period of the Immediately Preceding Financial Year</u>

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

None.

<u>5c. Date payable</u>

Not applicable.

<u>5d. Books closure date</u>

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)
JL Asia Resources Pte Ltd[1] (Operating lease expenses)	JL Asia Resources Pte Ltd ("**JL Asia**") is wholly-owned by Lee Boon Leng ("**Mr Lee**"), who is the spouse of the Executive Chairman and CEO, Ms Ho Yow Ping. Mr Lee has a deemed interest of 48.31% in the shares of the Company ("**Shares**") by virtue of his 72.87% shareholdings interest in Suki Sushi Pte Ltd, which holds 48.31% of the Shares. Spa Menu Pte. Ltd., a wholly owned subsidiary of the Company leases an area of 257.6 square meters within the premise of 48, 49 and 50 Mosque Street to operate a spa under the brand name "Huang Ah Ma".	0.095	-
Suki Sushi Pte Ltd[2] (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% in 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% in the Company by virtue of her 21.45% shareholding interest in Suki Sushi.	0.081	-

Note:
1. *Please refer to the Company's announcement dated 6 July 2020 for more details.*
2. *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 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 HY22.

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. No such proceeds.

BY ORDER OF THE BOARD

Ho Yow Ping (He YouPing)
Chief Executive Officer
12 November 2021

This announcement has been reviewed by the Company's sponsor, SAC Capital 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 Ms Charmian Lim (Tel: (65) 6232 3210), at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.