



Niks Professional Ltd.

新加坡阅肤有限公司

Company Registration Number: 199804609D

Registered Address: 825 Tampines Street 81 #01-64, Singapore 520825

**Condensed Interim Financial Statements (“Interim FS”)
As at and for the 1st Half Year (“1H 2024”) Ended 30 June 2024**

About Niks Professional

Niks Professional Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) is a trusted and established family practice dermatology and aesthetic medical services provider that also offers a comprehensive range of medical skincare products and salon services to complement medical solutions.

In Singapore, the Group operates clinics and shop salon outlets retailing NIKS skincare products and offering facial services. The Group also operates an online store on their website, and supplies NIKS skincare products to third-party medical clinics and beauty salons.

In China, the Group distributes NIKS skincare products to regional agents, which in turn supply the products to hospitals, clinics, pharmacies, retail shops, doctors and end-consumers in their provinces and municipalities. The Group also sells directly via its sales channels to doctors and doctor groups, as well as to end-consumers.

The Company was incorporated in Singapore on 22 September 1998 under the Companies Act 1967 of Singapore as a private company limited by shares under the name of "Niks Professional Pte Ltd" and was listed on the Catalist of the SGX-ST on 27 October 2023, pursuant to an initial public offering (“**IPO**”) exercise. The Company undertook an internal restructuring to rationalise the Group structure in preparation for the Company’s IPO as disclosed in the Company’s offer document dated 18 October 2023 (the “**Offer Document**”). The Company was converted into a public limited company on 13 October 2023 and the Company’s name was changed to “Niks Professional Ltd.”. Please refer to page 64 of the Offer Document and Note 17 of the Interim FS for further details on the internal restructuring.

*This announcement has been prepared by Niks Professional Ltd. (the “**Company**”) and its contents have 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.*

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Table of Contents	Page
Statement of Comprehensive Income (Group)	3
Statement of Financial Position (Group and Company)	4
Statement of Changes in Equity (Group and Company)	5
Statement of Cash Flows (Group)	6
Selected Notes to the Interim FS, which includes:	7 – 18
- Details of changes in share capital (Note 17)	
- Earnings per ordinary shares (“EPS”) (Note 8)	
- Net asset value (“NAV”) per ordinary shares (Note 9)	
<u>Information required and stipulated under Appendix 7C of the Catalist Rules:</u>	
1) Audit Statement	19
2) Review of Performance of the Group	19 – 21
3) Variance from Forecast/ Prospect Statement	21
4) Significant Trends and Competitive Conditions	21
5) Dividend Information	22
6) Interested Person Transactions (“IPTs”)	22
7) Use of IPO Proceeds	23
8) Negative confirmation pursuant to Rule 705(5) of the Catalist Rules	23
9) Confirmation Pursuant to Rule 720(1) of the Catalist Rules	24

Statement of Comprehensive Income

	Notes	Group		Increase/ (Decrease)
		1H 2024 S\$'000	1H 2023 S\$'000	%
Revenue	5	5,397	5,316	1.5
Interest income		103	92	12.0
Other income and gains	6.1	189	132	43.2
Changes in inventories		82	(65)	NM
Purchases and related costs		(990)	(723)	36.9
Employee benefits expense		(2,516)	(2,313)	8.8
Depreciation	6.1	(476)	(315)	51.1
Finance costs	6.1	(46)	(35)	31.4
Other expenses	6.1	(601)	(709)	(15.2)
Profit before income tax		1,142	1,380	(17.2)
Income tax expense	7	(212)	(251)	(15.5)
Profit for the period		930	1,129	(17.6)
Profit attributable to:				
Owners of the Company		930	1,095	(15.1)
Non-controlling interest		-	34	NM
Profit for the period		930	1,129	(17.6)
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Foreign currency translation differences		17	(36)	NM
Other comprehensive income		17	(36)	NM
Total comprehensive income for the period		947	1,093	(13.4)
Total comprehensive income attributable to:				
Owners of the Company		947	1,059	(10.6)
Non-controlling interest		-	34	NM
		947	1,093	(13.4)
1H 2023	-	1 st half year ended 30 June 2023		
NM	-	Not meaningful		

Note:

For illustrative purpose only, these adjustments show what the profit attributable to owners of the Company would have been in the absence of non-recurring IPO-related income and expenses.

	Group		Increase/ (Decrease)
	1H 2024 S\$'000	1H 2023 S\$'000	%
Profit attributable to owners of the Company ("NPAT")	930	1,095	(15.1)
<u>Adjustments:</u>			
Non-recurring IPO expenses	-	230	NM
Adjusted NPAT	930	1,325	(29.8)

Statement of Financial Position

Notes	Group		Company		
	30	31	30	31	
	June 2024 S\$'000	December 2023 S\$'000	June 2024 S\$'000	December 2023 S\$'000	
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment	12	11,505	10,970	11,465	10,918
Investment property	13	-	-	-	-
Investment in subsidiaries	14	-	-	1,050	1,050
Deferred tax assets		44	44	44	44
Other assets		141	102	141	102
Total non-current assets		11,690	11,116	12,700	12,114
<u>Current assets</u>					
Inventories	15	1,924	1,842	1,564	1,582
Trade and other receivables	16	451	586	343	596
Cash and cash equivalents		8,271	9,086	7,255	7,632
Total current assets		10,646	11,514	9,162	9,810
Total assets		22,336	22,630	21,862	21,924
EQUITY AND LIABILITIES					
<u>Equity</u>					
Share capital	17	6,475	6,475	6,475	6,475
Retained earnings		12,696	13,066	12,153	12,367
Foreign currency translation reserve	18	(2)	(19)	-	-
Share-based payment reserve		157	157	157	157
Other reserves	18	(297)	(297)	-	-
Equity, attributable to owners of the Company		19,029	19,382	18,785	18,999
Non-controlling interest		-	-	-	-
Total equity		19,029	19,382	18,785	18,999
<u>Non-current liabilities</u>					
Deferred tax liabilities		-	-	-	-
Lease liabilities	19	988	912	978	889
Total non-current liabilities		988	912	978	889
<u>Current liabilities</u>					
Income tax payable		376	445	373	414
Trade and other payables	20	1,017	1,070	828	828
Lease liabilities	19	630	522	602	495
Other liabilities	21	296	299	296	299
Total current liabilities		2,319	2,336	2,099	2,036
Total liabilities		3,307	3,248	3,077	2,925
Total equity and liabilities		22,336	22,630	21,862	21,924

Statement of Changes in Equity

Group	Attributable to owners of the Company							Total equity S\$'000
	Share capital S\$'000	Retained earnings S\$'000	Foreign currency translation reserve S\$'000	Share-based payment reserve S\$'000	Other reserves S\$'000	Total S\$'000	Non-controlling interest S\$'000	
At 1 January 2023	1,220	20,880	21	-	-	22,121	205	22,326
Total comprehensive income for the period	-	1,095	(36)	-	-	1,059	34	1,093
Dividends (Note 10)	-	-	-	-	-	-	-	-
At 30 June 2023	1,220	21,975	(15)	-	-	23,180	239	23,419
At 1 January 2024	6,475	13,066	(19)	157	(297)	19,382	-	19,382
Total comprehensive income for the period	-	930	17	-	-	947	-	947
Dividends (Note 10)	-	(1,300)	-	-	-	(1,300)	-	(1,300)
At 30 June 2024	6,475	12,696	(2)	157	(297)	19,029	-	19,029

Company	Share capital S\$'000	Retained earnings S\$'000	Share-based payment reserve S\$'000	Total equity S\$'000
At 1 January 2023	1,220	20,958	-	22,178
Total comprehensive income for the period	-	1,037	-	1,037
At 30 June 2023	1,220	21,995	-	23,215
At 1 January 2024	6,475	12,367	157	18,999
Total comprehensive income for the period	-	1,086	-	1,086
Dividends	-	(1,300)	-	(1,300)
At 30 June 2024	6,475	12,153	157	18,785

Statement of Cash Flows

	Group	
	1H 2024	1H 2023
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before income tax	1,142	1,380
<u>Adjustments for:</u>		
Interest income	(103)	(92)
Interest expense	46	35
Depreciation of property, plant and equipment	476	315
Other payables written back	31	-
Operating cash flows before changes in working capital	1,592	1,638
<u>Changes in working capital:</u>		
Inventories	(82)	65
Trade and other receivables	140	(325)
Other assets	(39)	-
Trade and other payables	(98)	(435)
Other liabilities	(3)	2
Net cash generated from operations	1,510	945
Income tax paid	(281)	(326)
Net cash from operating activities	1,229	619
Cash flows from investing activities		
Purchase of property, plant and equipment	(564)	(6)
Interest received	98	66
Net cash (used in)/ from investing activities	(466)	60
Cash flows from financing activities		
Dividends paid to owners of the Company	(1,300)	-
Dividends paid to non-controlling interest	-	(82)
Payment of lease liabilities	(260)	(177)
Interest paid	(46)	(35)
Net cash used in financing activities	(1,606)	(294)
Net (decrease)/ increase in cash and cash equivalents	(843)	385
Cash and cash equivalents, beginning balance	9,086	12,371
Effects of exchange rate fluctuation	28	29
Cash and cash equivalents, ending balance	8,271	12,785

Selected Notes to the Interim FS

1 Corporate information

Niks Professional Ltd. (the “**Company**”) is incorporated and domiciled in Singapore whose shares are publicly traded on the Catalist of the Singapore Exchange. The registered office of the Company is at 825 Tampines Street 81, #01-64, Tampines Grove, Singapore 520825 and its principal place of business at 16 Kallang Place, #03-27 Singapore 339156.

The principal activities of the Group and Company are operation of medical clinics focusing on aesthetic medical and family practice dermatology services as well as to carry on the business as wholesalers, retailers, importers, exporters and distributors of cosmetics and skincare products.

2 Basis of preparation

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

The accounting policies and methods of computation applied in the Interim FS are consistent with those of the most recently audited annual financial statements 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 Interim FS are presented in Singapore dollar (“**S\$**”), which is the Company’s functional currency, and all values are rounded to the nearest thousand (S\$’000), except when otherwise stated.

2.1 New and amended standards adopted by the Group

A number of new standards and amendments to standard have been issued and are effective for annual periods beginning on or after 1 January 2024. The adoption of these new and amended standards did not result in changes to the Group’s accounting policies and has no material effect on the disclosures or on the amounts reported.

2.2 Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next financial year are discussed below.

These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates. The nature and the carrying amount of such significant assets and liabilities are disclose with further details in the relevant notes to the Interim FS.

Impairment of non-financial assets

The carrying values of non-financial assets, including property, plant and equipment, are tested for impairment whenever there is any objective evidence or indication that the non-financial assets may be impaired. The determination and derivation of the relevant inputs require significant judgement. Such impairment would take into account the market value of the asset, changes to the technological, market, economic or legal environment in which the Group operates, market interest rates, evidence of obsolescence or physical damage to the assets and changes to the expected usage to the assets, if any.

NIK\$ Scheme

The Group's NIK\$ Scheme allows customers to pay for purchases of NIKS skincare products at any Niks Maple Clinic or Niks Shop Salon, at the rate of 1 NIK\$ = S\$1. A portion of revenue attributable to the NIK\$ Scheme benefits is deferred until they are utilised and recognised as a contract liability. The deferment of the revenue is estimated based on historical trends of breakage, which is then used to project the expected utilisation of these benefits.

Allowance for inventories obsolescence

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories and obsolescence, and an allowance is recorded against the inventory balances for any such instances.

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 Group is organised into the following key operating segments:

a) Clinics

Provision of family practice dermatology and aesthetic medical services and sale of skincare and beauty products and medicines at the Group's medical clinics.

b) Retail

Sale of skincare and beauty products and provision of facial services at the Group's salons and retail outlets

c) Headquarters

Distribution of skincare and beauty products to customers (including medical clinics and beauty salons) in Singapore and China and sale of the products to end-customers in Singapore through the Company's online sale platforms.

'Others' comprise mainly corporate activities and items relating to investment activities including rental generated from and expenses incurred on leasehold properties.

These operating segments are reported in a manner consistent with internal reporting provided to the executive directors of the Company who are responsible for allocating resources and assessing performance of the operating segments.

4.1 Profit or loss and other material items:

	<u>Clinics</u>		<u>Retail</u>		<u>Headquarters</u>		<u>Others</u>		<u>Total</u>	
	1H 2024	1H 2023	1H 2024	1H 2023	1H 2024	1H 2023	1H 2024	1H 2023	1H 2024	1H 2023
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue by segment	3,259	3,384	1,060	1,050	2,023	1,705	-	-	6,342	6,139
Intersegment sales	-	-	-	-	(945)	(823)	-	-	(945)	(823)
Total revenue	<u>3,259</u>	<u>3,384</u>	<u>1,060</u>	<u>1,050</u>	<u>1,078</u>	<u>882</u>	<u>-</u>	<u>-</u>	<u>5,397</u>	<u>5,316</u>
Recurring EBITDA	1,415	1,474	411	460	349	328	(614)	(624)	1,561	1,638
Depreciation	(284)	(146)	(104)	(90)	(30)	(25)	(58)	(54)	(476)	(315)
Interest income	-	-	-	-	-	-	103	92	103	92
Finance costs	(30)	(19)	(14)	(12)	(1)	(2)	(1)	(2)	(46)	(35)
Profit before tax	<u>1,101</u>	<u>1,309</u>	<u>293</u>	<u>358</u>	<u>318</u>	<u>301</u>	<u>(570)</u>	<u>(588)</u>	<u>1,142</u>	<u>1,380</u>
Income tax expense									(212)	(251)
Profit, net of income tax									<u>930</u>	<u>1,129</u>
Capital expenditure:										
Purchase of property, plant and equipment	409	1	154	2	1	-	-	3	564	6
Additions to right-of-use assets	408	-	36	-	-	75	-	-	444	75

4.2 Assets and liabilities

	<u>Clinics</u>		<u>Retail</u>		<u>Headquarters</u>		<u>Others</u>		<u>Total</u>	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment assets	6,609	5,898	2,737	2,662	818	652	3,857	4,288	14,021	13,500
Deferred tax assets									44	44
Cash and cash equivalents									8,271	9,086
Total assets									<u>22,336</u>	<u>22,630</u>
Segment liabilities	1,780	1,605	555	578	317	357	279	263	2,931	2,803
Income tax payable									376	445
Total liabilities									<u>3,307</u>	<u>3,248</u>

4.3 Geographical segments

Segment revenue is based on the geographical location of customers and segment non-current assets (excluding financial instruments and deferred tax assets) are based on geographical location of the non-current assets.

	1H 2024 S\$'000	1H 2023 S\$'000
<u>Revenue:</u>		
Singapore	4,472	4,527
China	925	789
	<u>5,397</u>	<u>5,316</u>
	30 June 2024 S\$'000	31 December 2023 S\$'000
<u>Non-current assets:</u>		
Singapore	11,651	11,064
China	39	52
	<u>11,690</u>	<u>11,116</u>

5 Revenue

Group	1H 2024 S\$'000	1H 2023 S\$'000
<hr/>		
Sale of goods:		
- Clinics	2,379	2,496
- Retail	893	888
- Headquarters	1,078	882
	<u>4,350</u>	<u>4,266</u>
Rendering of services:		
- Clinics	880	888
- Retail	167	162
	<u>1,047</u>	<u>1,050</u>
Total	<u>5,397</u>	<u>5,316</u>
Timing of revenue recognition:		
At point in time	<u>5,397</u>	<u>5,316</u>

6 Profit, net of tax

6.1 Significant items

	Group		Increase/ (Decrease) %
	1H 2024 S\$'000	1H 2023 S\$'000	
Other income and gains			
Other government grant income	38	52	(26.9)
Foreign exchange adjustment gains	37	5	NM
Rental income	77	66	16.7
Other payables written back	31	-	NM
Sundry income	6	9	(33.3)
	<u>189</u>	<u>132</u>	43.2
Depreciation			
Depreciation of property, plant and equipment	204	132	54.5
Depreciation of right-of-use assets	272	183	48.6
	<u>476</u>	<u>315</u>	51.1
Finance costs			
Interest expenses on lease liabilities	46	35	31.4
Significant items of other expenses:			
Non-recurring IPO expenses	-	230	NM

6.2 Related party transactions

Significant related party transactions, in addition to transactions and balances disclosed elsewhere in the notes to the Interim FS, include:

Group	1H 2024 S\$'000	1H 2023 S\$'000
<u>Director:</u>		
Rental expenses	78	42

7 Income tax expense

The Group calculates income tax expense for the period using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense are:

Group	1H 2024 S\$'000	1H 2023 S\$'000
<u>Income tax:</u>		
Current income tax	212	251
Under provision in respect of prior years	-	-
	<u>212</u>	<u>251</u>

8 Earnings per ordinary shares (“EPS”)

Group	1H 2024	1H 2023
Profit attributable to owners of the Company (S\$'000)	930	1,095
Weighted average number of ordinary shares ('000)	130,000	130,000
EPS (Basic and diluted) (cents)	0.72	0.84

For comparative and illustrative purposes, the weighted average number of ordinary shares used for the calculation of EPS for the financial periods under review is based on the post-invitation number of shares of 130,000,000 ordinary shares.

As there were no potential dilutive ordinary shares, basic and diluted EPS for the financial periods under review are the same.

9 Net asset value (“NAV”) per ordinary share

	Group		Company	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
NAV attributable to owners of the Company (S\$'000)	19,029	19,382	18,785	18,999
Total number of issued shares ('000)	130,000	130,000	130,000	130,000
NAV per ordinary share (cents)	14.6	14.9	14.5	14.6

10 Dividends

	Dividend per share		Group	
	1H 2024 S\$	1H 2023 S\$	1H 2024 S\$'000	1H 2023 S\$'000
Final tax exempt (1-tier) dividend paid	0.01	-	1,300	-

11 Financial assets and financial liabilities

The following table categorises the carrying amount of financial assets and finance liabilities as at 30 June 2024 and 31 December 2023.

	Group		Company	
	30 June 2024 S\$'000	31 December 2023 S\$'000	30 June 2024 S\$'000	31 December 2023 S\$'000
<u>Financial assets:</u>				
Cash and cash equivalents	8,271	9,086	7,255	7,632
Trade and other receivables *	152	501	121	511
Financial assets at amortised cost	<u>8,423</u>	<u>9,587</u>	<u>7,376</u>	<u>8,143</u>
<u>Financial liabilities</u>				
Trade and other payables #	<u>940</u>	<u>1,008</u>	<u>690</u>	<u>779</u>
Financial liabilities at amortised cost	<u>940</u>	<u>1,008</u>	<u>690</u>	<u>779</u>

* Excludes advance payment to suppliers and prepayments

Excludes GST payables and deferred grant income

12 Property, plant and equipment

During 1H 2024, the Group acquired assets amounting to S\$1,008,000 (1H 2023: S\$81,000). Assets disposed of during 1H 2024 were of zero net book value. There was no disposal of property, plant and equipment during 1H 2023.

Property, plant and equipment are initially recorded at cost and subsequently carried at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on the straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives.

13 Investment property

Company	1H 2024 S\$'000	2023 S\$'000
<u>Cost:</u>		
At 1 January	-	3,875
Transfer to property, plant and equipment	-	(3,875)
At 30 June 2024 or 31 December 2023 (whichever applicable)	-	-
<u>Accumulated depreciation:</u>		
At 1 January	-	231
Depreciation	-	38
Transfer to property, plant and equipment	-	(269)
At 31 March 2024 or 31 December 2023 (whichever applicable)	-	-
<u>Carrying amounts:</u>		
At 30 June 2024 or 31 December 2023 (whichever applicable)	-	-

Description of the valuation techniques and the significant other observable inputs used in the fair value measurement (Level 3) of the investment property are as follows:

Description of asset:	Leasehold retail shop
Location:	2 Venture Drive #01-27 Vision Exchange Singapore 608526
Gross floor area:	861 square feet
Fair value:	S\$3.7 million
Valuation date:	31 December 2022
Valuation technique used:	Comparison with market evidence of recent transaction prices and offer of sale prices for similar properties

The fair value of the investment property was measured based on the the highest and best use method to reflect the actual market state and circumstances as at the valuation date. The fair value was based on a valuation made by Kiong Chai Woon & Co Pte Ltd, a firm of independent professional valuers. The valuer holds a recognised and relevant professional qualification with sufficient recent experience in the location and category of the investment property being valued.

Before 1 December 2023, the investment property was leased out to subsidiary, Niks Maple West Pte. Ltd. (“**NMWPL**”), under operating leases and the management has not entered into contractual obligations for the maintenance or enhancement of the investment property. In September 2023, NMWPL became a wholly-owned subsidiary of the Company after the Company acquired the non-controlling interest of NMWPL. On 30 November 2023, the Company took over the operations of NMWPL at the above premises and recognised the leasehold property as property, plant and equipment.

14 Investment in subsidiaries

Company	1H 2024 S\$'000	FY2023 S\$'000
Unquoted equity shares, at cost	1,412	971
Acquisition of non-controlling interest (Note 17)	-	441
Less: Allowance for impairment loss	(362)	(362)
	1,050	1,050

Movements in allowance for impairment loss:

At 1 January	362	43
Impairment loss charged to profit or loss included in other losses	-	319
At 30 June 2024 or 31 December 2023 (whichever applicable)	362	362

Investments in subsidiaries are reviewed at the end of each financial year to determine whether there is any indication of impairment by assessing the factors that affect the recoverable amount of an investment, and the financial health of and business outlook for the subsidiary. Impairment loss recognised during FY2023 was in relation to NMWPL which became an inactive company after its operations were transferred to the Company following the Company's acquisition of its non-controlling interest.

15 Inventories

	Group		Company	
	30 June 2024 S\$'000	31 December 2023 S\$'000	30 June 2024 S\$'000	31 December 2023 S\$'000
Medicine, skincare and beauty products and packaging materials	1,906	1,815	1,546	1,555
Goods-in-transit	18	27	18	27
	1,924	1,842	1,564	1,582

As at 30 June 2024, inventories are stated after deducting an allowance for slow-moving inventories of S\$85,000 (31 December 2023: S\$85,000).

16 Trade and other receivables

	Group		Company	
	30 June 2024 S\$'000	31 December 2023 S\$'000	30 June 2024 S\$'000	31 December 2023 S\$'000
Trade receivables				
- Outside parties	100	100	99	99
- Subsidiaries	-	-	-	17
Other receivables				
- Outside parties	35	386	5	380
Deposits	17	15	17	15
Financial assets at amortised costs	152	501	121	511
Advance payment to suppliers	180	72	175	72
Prepayments	119	13	47	13
Total trade and other receivables	451	586	343	596

Outstanding non-trade balances with subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The amounts are classified as current as the Company expects to receive payment within the next 12 months.

17 Share capital

Group and Company	Number of ordinary shares	Share capital S\$'000
As at 1 January 2023	1,220,002	1,220
Issue of shares pursuant to Internal Restructuring:		
a) Subdivision of 1,220,002 shares	103,140,868	-
b) Issue of shares for acquisition of subsidiary	2,130,435	441
c) Conversion of convertible loans	1,708,695	236
Issue of shares pursuant to IPO	21,800,000	5,014
Less: Capitalisation of IPO expenses	-	(436)
As at 31 December 2023 and 30 June 2024	<u>130,000,000</u>	<u>6,475</u>

In preparation for the Company's IPO and to rationalise the Group structure, the Company underwent an internal restructuring which involves:

- a) Subdivision of 1,220,002 shares in the issued and paid-up share capital of the Company into 104,360,870 shares on 13 October 2023;
- b) Acquisition of the remaining 49% of the issued and paid-up share capital of subsidiary, NMWPL, for a consideration of S\$441,000 on 27 September 2023 which was satisfied by the issue of 2,130,435 new shares of the Company to the non-controlling shareholders; and
- c) Conversion of convertible loans amounting to S\$235,800 extended by 4 doctors of the Group (who are not directors of the Company) into 1,708,695 ordinary shares at the conversion price of S\$0.138 per share. The conversion price implied a discount of 40.0% to the IPO invitation price of S\$0.23 and the aggregate discount of S\$157,200 was recognised as an IPO-related share-based payment expense in profit or loss and with a corresponding increase in equity (Share-based payment reserve).

Pursuant to the IPO, 21,800,000 new shares were issued on 26 October 2023 and gross proceeds of S\$5,014,000 was raised. S\$436,000 of IPO expenses were capitalised against share capital according to SFRS(I).

There were no outstanding convertibles as at 30 June 2024 and 31 December 2023.

The Company did not hold any treasury shares as at 30 June 2024 and 31 December 2023.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2024 and 31 December 2023.

18 Reserves

Foreign currency translation reserve:

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency.

Other reserve:

This represents the excess of consideration paid for the 49.0% of NMWPL over relating non-controlling interest as at the date of acquisition during FY2023.

19 Leases

Lease liabilities are presented in the statements of financial position as follows:

	Group		Company	
	30 June 2024 S\$'000	31 December 2023 S\$'000	30 June 2024 S\$'000	31 December 2023 S\$'000
Current liabilities	630	522	602	495
Non-current liabilities	988	912	978	889
	<u>1,618</u>	<u>1,434</u>	<u>1,580</u>	<u>1,384</u>

Lease liabilities pertain to leasing arrangements for office, warehouse, clinic and retail premises.

20 Trade and other payables

	Group		Company	
	30 June 2024 S\$'000	31 December 2023 S\$'000	30 June 2024 S\$'000	31 December 2023 S\$'000
Trade payables	116	146	116	146
Accrued liabilities	508	546	508	543
Other payables	1	5	-	-
Advance received	23	63	23	63
Deposit received	292	248	43	27
Financial liabilities at amortised costs	940	1,008	690	779
GST payable	77	62	138	49
Total trade and other payables	<u>1,017</u>	<u>1,070</u>	<u>828</u>	<u>828</u>

21 Other liabilities

Other liabilities comprise contract liabilities. The Group has a customer loyalty programme (NIK\$ Scheme) that enables end-customers to earn loyalty points, in the form of NIK\$, each time they purchase the Group's skincare products. Each NIK\$ awarded is redeemable for a S\$1 discount on skincare product purchase by the end-customer at the Group's clinics and retail outlets in Singapore within the next 1 year. Consideration equivalent to NIK\$ awarded for a sale transaction would be allocated to future product sale on a relative price proportionate basis, treated as deferred revenue and recognised as a contract liability. When the NIK\$ are redeemed or expire, the corresponding contract liability would be reversed to revenue.

	Group		Company	
	1H 2024 S\$'000	FY2023 S\$'000	1H 2024 S\$'000	FY2023 S\$'000
Revenue recognised from amounts included in contract liabilities at beginning of year	150	300	126	251

22 Capital commitment

Estimated amounts committed at the end of the financial period for future capital expenditure but not recognised in the Interim FS are as follows:

Group	30 June 2024 S\$'000	31 December 2023 S\$'000
Commitments to purchase of property, plant and equipment	-	43

23 Subsequent events

Save as disclosed, there are no known subsequent events which have led to adjustments to this set of Interim FS.

Information required and stipulated under Appendix 7C of the Catalyst Rules

1 Audit Statement

The consolidated statement of financial position of the Company and its subsidiaries as at 30 June 2024 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the 6 months then ended, explanatory notes and other information have not been audited or reviewed by the Company's auditors.

2 Review of Performance of the Group

Profit or loss review

Revenue

Revenue increased slightly by S\$0.1 million or 1.5% in 1H 2024 compared to 1H 2023. This was mainly attributable to the increase in sales in the headquarters segment by S\$0.2 million mainly driven by sales to new regional agents in Hunan and Guangzhou province in China and sales generated from our new online store at Tmall. This increase was partially offset by a S\$0.1 million decrease in sales in the clinics segment.

Other income and gains

The increase in other income and gains for 1H 2024 compared to 1H 2023 was mainly due to foreign exchange adjustment gains of S\$37,000 (1H 2023: S\$5,000) arising from foreign exchange gain on bank deposits denominated in United States dollar. There was also a write-back of deposits and advance payments amounting to S\$31,000 during 1H 2024.

Please refer to Note 6.1 of Interim FS for breakdown of key items in other income and gains.

Costs of goods sold and gross profit on product sales

Costs of goods sold amounted to S\$0.9 million and S\$0.8 million for 1H 2024 and 1H 2023 respectively.

Gross profit ("GP") on product sales was S\$3.4 million (GP margin: 79.1%) in 1H 2024 and S\$3.5 million (GP margin: 81.5%) in 1H 2023.

Employee benefits expense

The increase in employee benefits expense for 1H 2024 compared to 1H 2023 was mainly due to increase in headcount and salary increment.

Depreciation

Depreciation increased by S\$0.2 million or 51.1% in 1H 2024 compared to 1H 2023. This was mainly due to addition of medical equipment, computers, renovation and right-of-use assets (in relation to leasing arrangement for office, warehouse, clinic and retail premises) since the end of 1H 2023 which resulted in higher depreciation recognised.

Other expenses

The decrease in other expenses for 1H 2024 compared to 1H 2023 was mainly due to decrease in non-recurring IPO-related expenses and rental expenses. The above decreases were partially offset by increases in listing expenses, professional fees (which mainly comprised corporate secretarial fees), exhibition and marketing expenses and foreign workers' levy.

Profit before income tax

Profit before income tax was S\$1.1 million for 1H 2024 and S\$1.4 million for 1H 2023. Excluding non-recurring IPO expenses of S\$0.2 million, profit before income tax for 1H 2023 would have been S\$1.6 million. The lower profit before income tax for 1H 2024 was mainly due to increase in employee benefits expense and depreciation.

Financial position review

Non-current assets

Non-current assets increased by S\$0.6 million from S\$11.1 million as at 31 December 2023 to S\$11.7 million as at 30 June 2024. The increase was mainly due to additions of plant and equipment amounting to S\$0.6 million and recognition of rights-of-use assets (relating to leases of premises) amounting to S\$0.4 million. In 1H 2024, the Company paid deposits of S\$40,000 relating to rental of premise for our new clinic in Yishun Central. The above increases were partially offset by depreciation amounting to S\$0.5 million.

Current assets

Current assets decreased by S\$0.8 million from S\$11.5 million as at 31 December 2023 to S\$10.7 million as at 30 June 2024. The decrease was mainly due to decrease in cash and cash equivalents by S\$0.8 million and trade and other receivables by S\$0.1 million. The above decreases were partial offset by increase in inventories by S\$0.1 million.

Inventories turnover was 373 days for 1H 2024 and 428 days for FY2023. The Group maintains adequate inventories to avoid risk of stockouts arising from supply chain disruptions. As such, it is usual for inventory turnover period to hover around 365 days.

The decrease in trade and other receivables was mainly due to IPO-related government grant receivable amounting to S\$0.3 million as at 31 December 2023 that was received during 1H 2024. This decrease was partially offset by increase in advance payments to suppliers by S\$0.1 million and prepayment by S\$0.1 million. The increase in prepayment was mainly attributable to payment of fees for March 2024 to February 2025 to an e-commerce vendor in China to develop and operate the Group's online store in Tmall.

Non-current liabilities

Non-current liabilities comprised non-current portion of lease liabilities in relation to leases of premises. The higher lease liabilities as at 30 June 2024 compared to 31 December 2023 was mainly due to recognition of lease liabilities relating to the Company's new clinic premise in Yishun Central. This increase in lease liabilities was partially offset by lease repayments during the period.

Current liabilities

Current liabilities were S\$2.3 million as at 30 June 2024 and 31 December 2023. The increase in lease liabilities by S\$0.1 million was offset by decrease in income tax payable by S\$0.1 million.

Trade payables' turnover was 27 days for 1H 2024 and 36 days for FY2023.

Cash flow review

Net cash from operating activities were S\$1.2 million and S\$0.6 million during 1H 2024 and 1H 2023 respectively. Operating cash flows before changes in working capital was S\$1.6 million for each period of 1H 2024 and 1H 2023. Changes in working capital amounted to S\$0.1 million and S\$0.7 million for 1H 2024 and 1H 2023 respectively. The variance in working capital changes for 1H 2024 compared to 1H 2023 were mainly due to IPO-related fees paid and the absence of IPO-related grants during 1H 2023.

Net cash used in investing activities amounting to S\$0.5 million was mainly attributable to S\$0.6 million paid for purchase of property, plant and equipment (mainly medical equipment).

Net cash used in financing activities amounting to S\$1.6 million was mainly attributable to S\$1.3 million of dividend paid to shareholders of the Company and payment of lease liabilities and relating interest amounting to S\$0.3 million.

As a result of the above, there was a net decrease of S\$0.8 million in cash and cash equivalents during 1H 2024. Cash and cash equivalents was S\$8.3 million as at 30 June 2024.

3 Variance from Forecast/ Prospect Statement

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

4 Significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months

The Group has identified and disclosed various growth initiatives for FY2024 in the Offer Document. A new doctor (Dr Dennis Teng) joined the Group in March 2024 and a new clinic in Yishun Central has opened on 5 August 2024.

A new Deputy General Manager (Sales and Marketing) commenced work in Niks Professional (Shanghai) Co., Limited in February 2024. A veteran in China's medical skincare market, he aims to recruit agents for provinces in which the Group is not currently represented, as well as review the Group's current provincial agents to drive higher sales. During 1H 2024, new agents have been appointed for Guangdong Province and Hunan Province. The Group is also building up its presence in China's e-commerce marketplaces and has set up a new online store at Tmall in March 2024.

5 Dividend Information

(a) Dividend declared for the current financial period

No dividend was declared for 1H 2024.

The intended dividend recommendation for FY2024 as disclosed on page 63 of the Offer Document is not less than 40.0% of profit attributable to owners of the Company for FY2024 and is expected to be proposed for approval in the next annual general meeting.

(b) Dividend declared for the previous corresponding period of the immediately preceding financial year

Not applicable as the Company did not declare any dividend during 1H 2023.

(c) Date payable; and record date - Date on which registrable transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

Not applicable.

6 Interested Person Transactions (“IPTs”)

Name of interested persons and nature of transactions	Nature of relationship	Aggregate value of all IPTs during 1H 2024 (excluding transactions less than S\$100,000)	
		Not conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules S\$'000	Conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules S\$'000
Dr Ong Fung Chin: Rental of premises	Director	78	-

Pursuant to rental agreement dated 22 June 2023 entered into between Dr Ong and the Company, Dr Ong agreed to lease the property situated at 825 Tampines Street 81, #01-64, Tampines Grove, Singapore 520825 to the Company at a monthly rental of S\$13,000 per month for a term of 3 years from 1 July 2023 to 30 June 2026. This rental rate is based on an independent rental valuation of the said premises dated 16 June 2023. The rental agreement and the lease thereunder do not require shareholders' approval as it is exempted under Rule 916(1) of the Catalist Rules.

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

7 Use of IPO Proceeds

The Company raised gross proceeds of S\$5.0 million from the IPO. As at the date of this Interim FS, the utilisation of the gross proceeds are as follows:

Use of proceeds (as set out in the Offer Document)	Amount in aggregate S\$'000	Utilised up to the date of this Interim FS S\$'000	Amount Balance S\$'000
Organic expansion of business through:	800	(771)	29
a) Opening of new clinics and outlets, recruitment of healthcare and management professionals, purchase of new equipment; and			
b) Expansion of medical skincare products distribution business in China			
Expansion of business through acquisitions, joint ventures and/ or strategic alliances	2,200	-	2,200
General working capital purposes	327	-	327
Net proceeds	3,327	(771)	2,556
Share issue and listing expenses	1,687	(1,687)	-
Gross proceeds	5,014	(2,458)	2,556

The above utilisation of gross proceeds is in line with the intended use and allocation of gross proceeds as set out in the Offer Document.

The Company will make further periodic announcements via SGXNet on the utilisation of the above IPO proceeds as and when such balance of proceeds is materially disbursed and will also provide a status report on the use of proceeds in the next annual report.

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

The directors of the Company confirm, to the best of their knowledge, that nothing has come to the attention of the Board which may render the Interim FS for 1H 2024 to be false or misleading in any material aspect.

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

BY ORDER OF THE BOARD

Mr Cheng Shoong Tat
Chairman and Chief Executive Officer

Dr Ong Fung Chin
President and Chief Medical Officer

9 August 2024