

MARY CHIA

HOLDINGS LIMITED

(Incorporated in Republic of Singapore on 30 April 2009)

(Company Registration Number: 200907634N)

UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 SEPTEMBER 2014

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

	GROUP		
	Six Months ended		
	30/09/2014	30/09/2013	Change
	(unaudited)	(unaudited)	%
	S\$'000	S\$'000	
Revenue	7,810	7,724	1.11
Other operating income	428	506	(15.42)
Purchases and related costs	(502)	(346)	45.09
Changes in inventories	58	176	(67.05)
Depreciation of property, plant and equipment	(510)	(622)	(18.01)
Staff costs	(3,776)	(3,555)	6.22
Other operating expenses	(3,862)	(3,783)	2.09
(Loss)/Profit from operations	(354)	100	(454.00)
Finance costs	(273)	(278)	(1.80)
Loss before income tax	(627)	(178)	252.25
Income tax expense	(54)	-	n/m
Loss for the financial period	(681)	(178)	282.58
Other comprehensive income for the financial period			
Items that will be reclassified subsequent to profit and loss:			
Exchange difference arising on translation of foreign operations	(50)	56	(189.29)
Total comprehensive loss for the financial period	(731)	(122)	499.18
Profit/(Loss) attributable to:			
Equity holders of the Company	(969)	(415)	133.49
Non-controlling interests	288	237	21.52
	(681)	(178)	282.58
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	(1,019)	(359)	183.84
Non-controlling interests	288	237	21.52
	(731)	(122)	499.18

n/m: not meaningful

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1(a)(iii) Notes to consolidated statement of comprehensive income

Profit/(Loss) before income tax is determined after charging/(crediting):

	GROUP		
	Six Months ended		
	30/09/2014	30/09/2013	Change
	(unaudited)	(unaudited)	%
	S\$'000	S\$'000	
Government grant	(161)	(193)	-16.58
Income from Training for Health Management	-	(243)	n/m
Depreciation of property, plant and equipment	510	622	-18.01
Interest income	(14)	(1)	n/m
Finance costs	273	278	-1.8

n/m: not meaningful

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

	GROUP		COMPANY	
	30/09/2014	31/03/2014	30/09/2014	31/03/2014
	(unaudited)	(audited)	(unaudited)	(audited)
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current Assets				
Cash and cash equivalents	522	1,561	23	439
Inventories	753	694	-	-
Trade and other receivables	836	404	19	9
Amounts due from subsidiaries	-	-	100	265
Other current assets	900	867	8	6
Total current assets	3,011	3,526	150	719
Non-Current Assets				
Investments in subsidiaries	-	-	3,258	3,258
Investment property	57,177	57,177	-	-
Property, plant and equipment	5,356	5,764	-	-
Deferred tax assets	336	343	-	-
Deposit	609	609	-	-
Total non-current assets	63,478	63,893	3,258	3,258
Total assets	66,489	67,419	3,408	3,977
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	6,859	6,410	192	247
Amounts due to subsidiaries	-	-	6	6
Amounts due to director and non-controlling interests	379	194	-	-
Finance leases	153	151	-	-
Bank loans (secured)	4,587	4,585	-	380
Bank overdraft (secured)	226	222	-	-
Provision for income tax liabilities	121	117	-	-
Provisions	277	276	-	-
Total current liabilities	12,602	11,955	198	633
Non-Current Liabilities				
Finance leases	193	270	-	-
Bank loans (secured)	18,797	19,597	-	-
Provisions	127	96	-	-
Total non-current liabilities	19,117	19,963	-	-
Total liabilities	31,719	31,918	198	633
Equity				
Share capital	4,818	4,818	4,818	4,818
Reserves	11,724	12,743	(1,608)	(1,474)
Capital and reserves attributable to equity holders of the Company	16,542	17,561	3,210	3,344
Non-controlling interests	18,228	17,940	-	-
Total equity	34,770	35,501	3,210	3,344
Total liabilities and equity	66,489	67,419	3,408	3,977

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1(b)(ii) Aggregate amount of group's borrowings and debt securities.

	GROUP			
	30/09/2014		31/03/2014	
	(unaudited)		(audited)	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand	4,966	-	4,958	-
Amount repayable after one year	18,990	-	19,867	-
	<u>23,956</u>	<u>-</u>	<u>24,825</u>	<u>-</u>

Details of any collateral:

- a. (i) Bank borrowings of working capital are secured by the Group's fixed deposit and joint and several personal guarantees provided by the Company's Executive Chairman and Chief Executive Officer.

(ii) Bank borrowings of property and working capital loans of the Company's 51%'s subsidiary, Hotel Culture Pte Ltd for its investment property are secured by first legal mortgage of the property and personal guarantee from the non-controlling interest of the subsidiary and a corporate guarantee from the Company in proportion to its shareholding in Hotel Culture Pte Ltd.

- b. The carrying amounts of certain plant and equipment of the Group included an amount of S\$179,078 as at 30 September 2014 (31 March 2014: S\$239,802) in respect of assets held under finance leases.

Finance lease liabilities of the Group are effectively secured over the leased equipment and leased motor vehicles, as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities. The Company's Executive Chairman and Chief Executive Officer have also provided joint and several personal guarantees for the finance lease liabilities.

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

	Group	
	Six Months ended	
	30/09/2014	30/09/2013
	(unaudited)	(unaudited)
	S\$'000	S\$'000
Cash flows from operating activities		
Loss before income tax	(627)	(178)
Adjustments for:-		
Depreciation of property, plant and equipment	510	622
Finance costs	273	278
Interest income	(14)	(1)
Effect of foreign exchange rate changes	(36)	89
Operating (loss)/profit before working capital changes	106	810
Working capital changes:-		
Inventories	(58)	(173)
Trade and other receivables	(431)	85
Other current assets	(33)	(375)
Trade and other payables	481	434
Cash generated from operations	65	781
Income tax paid	(50)	(53)
Net cash generated from operating activities	15	728
Cash flows from investing activities		
Interest received	14	-
Purchase of property, plant and equipment	(112)	(26)
Net cash used in investing activities	(98)	(26)
Cash flows from financing activities		
Decrease in fixed deposit pledged	900	-
Proceeds from bank borrowings	500	1,822
Repayment of bank borrowings	(1,298)	(1,532)
Repayment of finance lease liabilities	(72)	(192)
Repayment to non-controlling interests	(150)	(539)
Advances from a director	335	28
Interest paid	(274)	(278)
Net cash used in financing activities	(59)	(691)
Net (decrease)/increase in cash and cash equivalents	(142)	11
Cash and cash equivalents at beginning of the financial period	438	295
Cash and cash equivalents at end of the financial period	296	306

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1(c)(ii) Cash and cash equivalents

	GROUP	
	30/09/2014 (unaudited) S\$'000	30/09/2013 (unaudited) S\$'000
Cash and bank balances	492	560
Fixed deposits	30	1,183
Cash and cash equivalents as per statement of financial position	522	1,743
Fixed deposits pledged with bank	-	(1,169)
Bank overdraft	(226)	(268)
Cash and cash equivalents per consolidated statement of cash flows	296	306

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

GROUP	Share capital S\$'000	Merger reserve S\$'000	Foreign currency translation S\$'000	Retained earnings S\$'000	Attributable to owners of the Company S\$'000	Non- controlling interests S\$'000	Total S\$'000
Balance as at 1 April 2014	4,818	(927)	142	13,528	17,561	17,940	35,501
Total comprehensive income for the financial year	-	-	(50)	(969)	(1,019)	288	(731)
Balance as at 30 September 2014	4,818	(927)	92	12,559	16,542	18,228	34,770

GROUP	Share capital S\$'000	Merger reserve S\$'000	Foreign currency translation S\$'000	Retained earnings S\$'000	Attributable to owners of the Company S\$'000	Non- controlling interests S\$'000	Total S\$'000
Balance as at 1 April 2013	4,818	(927)	90	12,237	16,218	16,213	32,431
Total comprehensive income for the financial year	-	-	56	(415)	(359)	237	(122)
Balance as at 30 September 2013	4,818	(927)	146	11,822	15,859	16,450	32,309

COMPANY	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
Balance as at 1 April 2014	4,818	(1,474)	3,344
Total comprehensive loss for the financial year	-	(134)	(134)
Balance as at 30 September 2014	4,818	(1,608)	3,210
Balance as at 1 April 2013	4,818	(1,206)	3,612
Total comprehensive loss for the financial year	-	(134)	(134)
Balance as at 30 September 2013	4,818	(1,340)	3,478

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

	<u>No of shares</u>	<u>Share Capital</u> S\$
<u>Issued and Paid-Up Capital</u>		
Issued and paid-up capital as at 30 September 2014 and 31 March 2014	163,495,140	4,817,859

There was no change in the Company's share capital from 31 March 2014 up to 30 September 2014.

There were no outstanding convertibles or treasury shares as at 30 September 2014 and 30 September 2013.

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

	<u>30/09/2014</u> (unaudited)	<u>31/03/2014</u> (audited)
Total number of issued shares	163,495,140	163,495,140

There were no treasury shares as at 30 September 2014 and 31 March 2014.

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

Not applicable. The Company did not have any treasury shares during and as at the current financial period reported on.

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

The figures have not been audited or reviewed by the Company's auditors.

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

Not applicable. The figures have not been audited or reviewed by the Company's auditors.

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

The Group and the Company had applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period reporting on as in the latest audited financial statements for the financial year ended 31 March 2014, except for the adoption of the new and revised Financial Reporting Standards ("FRS"), Interpretations of FRS ("INT FRS") and amendments to FRSs that are relevant to its operations and effective for annual periods beginning on or after 1 April 2014.

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

The Company and the Group had adopted the new and revised FRSs, INT FRSs and amendments to FRSs that are relevant to its operations and effective for annual periods beginning 1 April 2014, as mentioned in Paragraph 4 above. The adoption has no material financial impact on the financial statements of the Group and the Company for the current financial period reporting on.

6. (Loss)/Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	GROUP	
	Six months ended	
	30/09/2014 (unaudited)	30/09/2013 (unaudited)
Earnings/(Loss) per ordinary share for the financial period:		
(a) Based on weighted average number of ordinary shares on issue	(0.59 cents)	(0.25 cents)
(b) On a fully diluted basis	(0.59 cents)	(0.25 cents)

Notes:

- a. Fully diluted earnings/(loss) per ordinary share is the same as basic earnings/(loss) per ordinary share as there was no potentially dilutive instrument for the Company as at 30 September 2014 and 30 September 2013 respectively.
- b. Basic earnings/(loss) per ordinary share for the 6-month financial period ended 30 September 2014 and 6-month financial period ended 30 September 2013 had been calculated by dividing the profit/(loss) for the financial period attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the respective financial period under review of 163,495,140 shares.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

	GROUP		COMPANY	
	30/09/2014 (unaudited)	31/03/2014 (audited)	30/09/2014 (unaudited)	31/03/2014 (audited)
Net assets value per ordinary share based on issued share capital as at end of the financial year/period reported on	10.12 cents	10.74 cents	1.96 cents	2.05cents
No. of ordinary shares	163,495,140	163,495,140	163,495,140	163,495,140

Net asset value per ordinary share of the Group and Company is calculated by dividing net asset value of the Group and Company respectively by the number of issued ordinary shares of 163,495,140 as at 30 September 2014(31 March 2014: 163,495,140).

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8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, asset or liabilities of the group during the current financial period reported on.

a. **Income Statement**

6-months financial period ended from 1 April 2014 to 30 September 2014 ("6M2015") vs. 6-months financial period ended 1 April 2013 to 30 September 2013 ("6M2014")

Revenue

The Group recorded revenue of S\$7.8 million for 6M2015, an increase of S\$0.1 million or 1.1% from S\$7.7 million for 6M2014. The increase in revenue was mainly due to an increase in sales of beauty and health products, rental income and training income which is offset by a drop in beauty, slimming and spa treatment business.

Other operating income

The Group's other operating income decreased by S\$78,000 or 15.4% from S\$506,000 in 6M2014 to S\$428,000 in 6M2015. The decrease was mainly due to a drop in the grants received from the government for staff training and income from provision of health management training courses to corporate clients, offset by insurance claims from outbreak of fire in one of our Singapore outlet in March 2013.

Purchase and related costs

The Group's purchase and related costs increased by S\$156,000 or 45.1% from S\$346,000 in 6M2014 to S\$502,000 in 6M2015 was due to the increase in sales of beauty and health products.

Depreciation of property, plant and equipment

Depreciation decreased by S\$112,000 or 18.0% from S\$622,000 in 6M2014 to S\$510,000 in 6M2015 as some of the property, plant and equipment had been fully depreciated.

Staff costs

Staff costs increased by S\$0.2 million or 6.2% from S\$3.6 million in 6M2014 to S\$3.8 million in 6M2015. The increase was mainly due to higher labor cost as some of the foreign workers are replaced by Singaporeans and permanent residents.

Other operating expenses

Other operating expenses increased marginally by S\$0.1 million or 2.1% from S\$3.8 million in 6M2014 to S\$3.9 million in 6M2015. The increase was mainly due to an increase in rental expenses which is offset by a decrease in bank charges.

Profit from operations

The Group's profit from operations decreased from a profit of S\$0.1 million in 6M2014 to a loss of S\$0.4 million in 6M2015. The decrease was mainly due to an increase in staff cost.

Finance costs

The Group's finance costs decreased by S\$5,000 or 1.8% from S\$278,000 in 6M2014 to S\$273,000 in 6M2015 mainly due to the repayment of some bank borrowings and finance leases.

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Net (loss)/profit

As a result of the above factors, the Group had reported a total comprehensive loss attributable to owners of the Company of S\$1.0 million in 6M2015, as compared to S\$0.4 million in 6M2014.

b. Statement of Financial Position

Property, plant and equipment decreased by S\$0.4 million from S\$5.8 million as at 31 March 2014 to S\$5.4 million as at 30 September 2014 mainly due to the depreciation charge, partially offset by investment in new beauty, slimming and spa equipment.

Trade and other receivables increased by S\$0.4 million from S\$0.4 million as at 31 March 2014 to S\$0.8 million as at 30 September 2014 due to more credit card sales outstanding; S\$150,000 outstanding insurance claims from outbreak of fire in one of our Singapore outlet in March 2013 and S\$146,000 Enterprise Training Support Grant for the Curriculum Contextualization and Alignment Grant.

Inventories increased by S\$0.1 million from S\$0.7 million as at 31 March 2014 to S\$0.8 million as at 30 September 2014 mainly due to purchases of salon and retail products during 6M2015.

Trade and other payables increased by S\$0.5 million from S\$6.4 million as at 31 March 2014 to S\$6.9 million as at 30 September 2014 mainly due to:

- (i) an increase in trade payables of S\$161,000 or 73% which is line with the increase in purchases; and
- (ii) an increase in other payables of S\$289,000 which resulted mainly from an increase in other accruals.

Bank loans (secured) decreased by S\$0.8 million from S\$24.2 million as at 31 March 2014 to S\$23.4 million as at 30 September 2014 mainly due to loan repayment made during 6M2015, which is offset by the additional drawdown of the revolving loan facility.

Working capital/cash flow

The Company reported a net loss of S\$681,000 for 6M2015 (6M2014: S\$178,000) and a negative working capital of S\$9.6 million as at 30 September 2014 (30 September 2013: S\$8.1million). Notwithstanding, the Group managed to generate positive cash flow of S\$15,000 (6M2014: S\$728,000) from its operating activities.

Cash and Cash Equivalent

Cash and cash equivalent decreased from S\$1.7 million as at 31 March 2014 to S\$0.5 million as at 30 September 2014 mainly due to loan repayment.

c. Statement of Cash Flows

Net cash generated from operating activities in 6M2015 of S\$15,000 was mainly due to an increase in trade and other payables of S\$0.5 million. This was partially offset by an increase in trade and other receivables of S\$0.4million and income tax paid of S\$0.1 million.

The Group had a net cash outflow of S\$98,000 from investing activities in 6M2015, as compared to a S\$26,000 net cash outflow in 6M2014. The outflow during 6M2015 was mainly due to the purchase of property, plant and equipment for the enhancement of existing outlets.

The Group's net cash used in financing activities of S\$59,000 in 6M2015 was mainly due to the repayment of S\$1.6 million of borrowings to bank institution, repayment of finance lease liabilities with interest, partially offset by the proceeds from bank loan, fixed deposits release from pledge and advances from a Director.

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9. **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.

10. **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.**

Although Singapore's economic growth is expected to advance along a modest upward trajectory and is forecast to come in at 2% to 4% in 2014¹, the Group expects to face operating challenges for the financial year ending 31 March 2015. Tightening foreign labor measures in Singapore has led to higher staff cost and limited further expansion of its business operations. The Group also faces higher cost in raw materials, utilities and property rentals within the competitive local beauty and aesthetics industry.

To overcome this, the Group is consciously looking into enhancing its product mix and developing new product lines. The Group is currently looking for strategic partners across Asia to promote the Group's new beauty and health products. In addition, the Group is currently working with established aesthetic doctors to launch its first outlet in Singapore.

The Group will continue to reduce operating costs and improve operation efficiency by participating in the extended Productivity and Innovation Credit schemes for further three years, conduct regular training services for employees to retain skilled workers to help create life-long customer relationships and investing in Research and Development to promote product innovation and expand the range of services.

11. **Dividend**

(a) Current Financial Period Reported On

No dividend has been declared or recommended for the current financial period ended reported on.

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. **If no dividend has been declared/recommendeded, a statement to that effect**

No dividend has been declared/recommendeded for the current financial period ended.

¹ Monetary Authority of Singapore, "Recent Developments in Singapore", 7 March 2014

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13. Interested person transactions ("IPTs")

The Group does not have general mandate for IPTs. The IPT entered into by the Company during 6M2015 is as below:

Name of Interested Person	Aggregate value of IPT during the financial period under review
	S\$'000
JL Asia Resources Pte Ltd ^(a) - Operating lease rental income	<u>785</u>

Notes:

- a) JL Asia Resources Pte Ltd ("JL Asia") is owned by the spouse of Ms. Ho Yow Ping (He YouPing), the Chief Executive Officer of the Company. The lease was entered into between Hotel Culture Pte Ltd, a 51% owned subsidiary of the Company and JL Asia in June 2011, of which JL Asia will be leasing and operating the hotel.

14. Negative Confirmation pursuant to Rule 705(5)

We, Chia Ah Tow Mary and Ho Yow Ping (He YouPing), being the Directors of Mary Chia Holdings Limited ("the Company"), hereby confirm on behalf of Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial statements for the half year ended 30 September 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Ho Yow Ping (He YouPing)
Chief Executive Officer
7 November 2014

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Mark Liew, Managing Director, Corporate Finance, at 20 Cecil Street, #21-02, Equity Plaza, Singapore 049705, telephone (65) 6229 8088.