MARY CHIA HOLDINGS LIMITED

ANNUAL REPORT 2016

MARY CHIA • URBAN HOMME • MCU BEAUTITUDES • MASEGO • HUANG AH MA • GO60 • LPG® ENDERMOSPA • SCINN

MARY CHIA
HOLDINGS LIMITED

CORPORATE PROFILE

Mary Chia Holdings Limited ("MCH" and together with its subsidiaries, the "Group") is one of Singapore's leading lifestyle and wellness service providers. Listed on the SGX-ST Catalist on 11 August 2009, MCH is principally engaged in the provision of lifestyle and wellness services for both women and men at its lifestyle and wellness centres under the "Mary Chia" (for women), "Urban Homme" (for men), "GO60" (for professionals, managers, executives and businessmen ("PMEBs")), "Masego" (for families), "Huang Ah Ma" (for tourists and PMEBs), "LPG Endermospa" (for PMEBs), "Scinn Medical Centre" and "MCU Beautitudes" (for medical aesthetics) brands.

The Group's core services can be broadly categorised into (i) beauty and facial services; (ii) slimming services; and (iii) spa and massage services. Its ancillary business is in the sale of lifestyle and wellness products under the "MU" brand at its lifestyle and wellness centres.

MCH has also achieved the prestigious ISO 9001:2008 certification and was awarded with Singapore Prestigious Brand Award in 2005, Superbrands – Singapore's Choice in 2004/2005 and 2009 respectively, and was awarded one of the Top 3 Wellness Provider by AsiaOne's readers in 2010. In 2014, the Group is also proud to be presented the Singapore Service Class by Spring Singapore in recognition of the Group's commendable performance in service excellence.

CONTENTS

MARY CHIA™
body • face • spa

With over 35 years of specialized expertise in the field of weight management and skincare, Mary Chia Beauty and Slimming Specialist remains to be the preferred choice for many female customers looking for a trusted name in helping them achieve their desired physique and complexion.

In 2015, the Group introduces popular celebrities Li Nanxing and Constance Song as the brand ambassadors of MU - the skincare, body care and nutrition product range - exclusively distributed by the Group. In August 2015, the Group entered into the Singapore Book of Records, with the largest number of participants applying our MU V.TIVATE mist spray at the same time in Jurong Point Shopping Centre.

Mu
Skincare • Body Care • Nutrition+

urban Homme™
Face and Body Studio For Men

Urban Homme Face and Body Studio for Men has established itself as a pioneer brand in Singapore specializing in professional skincare and physique management services developed for men. The brand offers a full spectrum of clinically tested and proven skincare and weight management programmes. The best testimony of Urban Homme's expertise lies in the successful real-life transformations from our customers, who have personally experienced our face and physique management programmes.


After Before

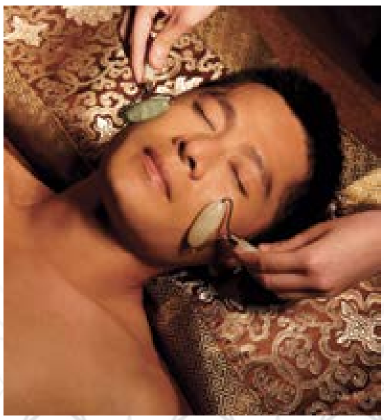
MASEGO
THE SAFARI SPA

Masego The Safari Spa is Singapore's first and largest safari-themed spa situated in SAFRA Jurong. The 6,500 sq ft spa houses 14 safari tents as treatment rooms, and can be used for holding corporate events and private functions. To cater to the demand of late night spa-goers in the West, Masego Spa has extended the operating hours to 1am daily.

皇阿瑪
THE ORIENTAL SPA CHAMBER
时尚养身馆

Huang Ah Ma, a spa situated within Porcelain Hotel along Chinatown in Singapore. Decorated in an Oriental setting within the heart of the city, the spa offers a relaxing haven till 3am daily catering to the needs of tourists and locals.

In 2014, the spa has also launched the Maternity Spa, offering pre and postnatal massage and recuperation therapies.



GO60 is registered as a subsidiary brand under the Spa Menu business unit. The concept was developed based on evolving consumers' preference and trends, centred on a "back to basics" service philosophy to provide quality treatments and products at S$60 nett. This is seen as a refreshing alternative and has been favorably received by media and consumers alike since its launch in June 2012.

In 2014, the Mary Chia Group is pleased to announce the Grand Opening of the first LPG® Endermospa in Singapore and Malaysia. Our Group has the utmost conviction in the natural healing benefits that Endermologie® offers.

LPG® Endermospa is synonymous with professionally trained personnel and targeted treatment protocols to provide non-invasive face and body programmes with its patented Endermologie® technique.

LPG® Endermospa in Singapore is also the exclusive centre for the distribution of the full array of facial and body care products from the French LPG Institute, which complements the LPG Endermologie® technique and enhances cellular stimulation.

scinn
Medical Centre

Mary Chia Group introduces Scinn Medical Centre in November 2015. Buoyed by FDA-proven technologies such as CoolSculpting® and Ultherapy®, Scinn Medical Centre combines bespoke medical aesthetics and beauty therapies, coupled with professional medical expertise, to help clients achieve a holistic lifestyle.

MCU
BEAUTITUDES
• PERFECTION IS AN ATTITUDE •

Addressing the need for safe and high quality medical aesthetic treatments, the Group launched MCU Beautitudes Medical Aesthetics Centre in December 2011 under its subsidiary, MCU Holdings Sdn Bhd.

With our flagship clinic located at Sunway Pyramid, adjacent to our Mary Chia Sunway Pyramid outlet, the medical aesthetics centre is well-poised to address the demand for high quality, medically proven aesthetics services demanded by both consumers residing in Kuala Lumpur, Malaysia as well as tourists and business travellers visiting this popular tourist destination in the Klang Valley.

FINANCIAL AND OPERATIONS REVIEW

The financial year ended 31 March 2016 ("FY2016") proved to be a challenging year for the Group due to shortage of manpower, rising cost and intense competition in the beauty industries of Singapore and Malaysia.

FINANCIAL PERFORMANCE

The Group recorded revenue of S$13.5 million in FY2016, a decrease of S$1.6 million or 10.6% from S$15.1 million in the financial year ended 31 March 2015 ("FY2015"). The decrease in revenue for beauty, slimming and spa treatments and product sales were mainly attributed to the closure of one Singapore outlet in end October 2015, shortage of manpower as a result of tightening of foreign labour measures, and reduced retail customers spending due to prolonged haze and social economic conditions in Singapore and Malaysia.

The Group's other operating income increased from S$0.6 million in FY2015 to S$0.7 million in FY2016. The increase was mainly due to higher government grants in FY2016.

The Group's purchase and related costs and changes in inventory in totality had decreased by S$0.3 million or 43.7% from S$0.8 million in FY2015 to S$0.5 million in FY2016 mainly due to lower inventory purchased resulting from lower product sales.

Staff costs decreased by S$0.8 million or 9.5% from S$7.6 million in FY2015 to S$6.8 million in FY2016. The decrease was mainly due to the closure of one outlet in Singapore and shortage of manpower.

Operating lease expenses increased marginally by S$0.1 million or 2.3% from S$4.4 million in FY2015 to S$4.5 million in FY2016. The increase was mainly due to the new office rental for the direct sales business in Malaysia.

The Group's finance costs increased from S$0.6 million in FY2015 to S$0.7 million in FY2016 due to new bank borrowings during the year.

The Group's income tax expense increased by S$0.1 million from S$0.3 million in FY2015 to S$0.4 million in FY2016 attributable to a reversal of deferred tax assets of S$0.2 million and income tax expense on the hotel rental income.

As a result of the above factors, the Group reported a total comprehensive loss attributable to owners of the Company of S$3.8 million in FY2016 as compared to S$3.3 million in FY2015.

FINANCIAL POSITION

Property, plant and equipment decreased by S$0.2 million from S$5.1 million as at 31 March 2015 to S$4.9 million as at 31 March 2016, mainly due to a depreciation charge of S$0.9 million which was partially offset by additions of equipment, furniture and fittings, renovation costs for the direct selling business in Malaysia.

Trade and other receivables decreased by S$0.1 million from S$0.5 million as at 31 March 2015 to S$0.4 million as at 31 March 2016, mainly due to settlement from debtors.

Amount due from non-controlling interests amounting to S$4.9 million as at 31 March 2015 represents the loan granted by Hotel Culture Pte Ltd.; a 51% held subsidiary of the Company, to its shareholders in accordance to their respective equity holdings (the Company holds 51%, and Mr Lee Boon Leng holds 49% of the shares in Hotel Culture Pte Ltd). This loan was repaid during the financial year of 2016.

Other current assets, which are short term deposits, increased by S$0.3 million from S$0.6 million as at 31 March 2015 to S$0.9 million as at 31 March 2016 as this was mainly due to tenancy deposit falling due within the year which was reclassified from non-current assets, new tenancy deposits placed for new business ventures in Singapore and Malaysia and prepaid deposits for advertising and promotion.

Trade and other payables decreased by S$0.5 million from S$7.2 million as at 31 March 2015 to S$6.7 million as at 31 March 2016, mainly due to utilisation of pre-paid packages and settlement to vendors.

Amount due to directors increased by S$0.1 million from S$1.3 million as at 31 March 2015 to S$1.4 million as at 31 March 2016 mainly due to cash advances from the directors for working capital.

Secured bank loans (current) decreased by S$5.4 million from S$7.4 million as at 31 March 2015 to S$2.0 million as at 31 March 2016 due to loan repayment.

Secured bank loans (non-current) increased from S$22.0 million as at 31 March 2015 to S$24.6 million as at 31 March 2016. The borrowings were largely used for new property, plant and equipment purchases and the company's expansion into aesthetic, direct selling and a new joint venture.

REVIEW OF CASH FLOW

The Group had net cash used from operating activities of S$1.9 million in FY2016 as compared to net cash generated from operating activities of S$0.8 million in FY2015, due mainly to lower Group revenue. The Group had a net cash inflow of S$4.2 million from investing activities in FY2016, as compared to S$5.3 million net cash outflow in FY2015. This is mainly due to S$4.9 million loan settlement by non-controlling interest and offset by additions in property, plant and equipment of S$0.7 million in FY2016.

The Group's net cash used from financing activities of S$3.2 million in FY2016 was mainly due to repayment of bank borrowing of S$6.3 million offset by new bank borrowings of S$3.4 million and capital injection from non-controlling interest of S$0.5 million.

OUTLOOK FOR THE FINANCIAL YEAR ENDING 31 MARCH 2016

For year 2016, Singapore's economic growth is expected to advance along a modest upward trajectory and is forecast to come in at 1.9% to 2.2% in 2016, which will continue to support growth in the local retail industry.

Notwithstanding that, the Group expects to face operating challenges for the financial year ending 31 March 2017. A tight labor market and the tightening foreign labor measures in Singapore have led to higher staff cost and limited the Group's expansion of its business operations. The Group also faces higher utility costs and property rentals within the competitive local beauty and aesthetics industry.

To overcome this, the Group is looking into renewing its product mix and developing new product lines, to cater to other customer segments.

The Group is developing its direct selling business in Malaysia in preparation of a launch.

The Group had also developed courseware for other players in the beauty industry for a fee.

The Group is planning an exclusive distributorship with a strategic partner to promote the Group's skincare products and supplements in Asia.

The Group will continue to consolidate its operations and review its processes to improve operational efficiency. The Group conducts regular training services for employees to retain skilled workers to help create life-long customer relationships and invests in research and development to promote product innovation and expansion of the range of services.

CHAIRMAN AND CEO'S STATEMENTS

Dear Fellow Shareholders,

On behalf of the Board of Directors of Mary Chia Holdings Limited and together with its subsidiaries, I am pleased to present the Annual Report of Mary Chia for the financial year ended 31 March 2016 ("FY2016").

FY2016 was a challenging year for the beauty services sector and the retail industry as a whole with the continuation of government policies to restrict foreign employee headcount, which is a critical source of manpower for our business. Competition intensified within the industry to hire beauticians, therapists and masseurs who are Singaporeans, Permanent Residents as well as persons holding Dependent Passes. This contributed to a situation whereby competitors attempt to poach staffs who fall under the above categories, by offering more attractive remuneration terms.

To maintain our competitive edge as an employer, the Company had to review the remuneration of existing employees. However, on the whole there is a reduction in our manpower costs in FY2016 as the Company released a number of staffs holding on to work permits and S passes as a result of the tightened foreign workers quota restrictions.

FOCUS ON INCREASING REVENUE GENERATION FROM PRODUCTS

The curb on manpower translated to a leaner workforce of beauticians, therapists and masseurs, which in turn reduced the number of services appointments that the company can accommodate. This further translates to a reduction in revenue generated from salon-performed treatments. To counter the drop in service revenues, the Company continued to focus our efforts and attention on developing new "take-home" product lines and to focus more marketing efforts to boost the sales of our existing range of MU retail products. We are pleased that, our products especially our MU V.Tivate Face Lift Mist Spray have been very well received by our customers, generating close to half a million dollars gross sales revenue during FY2016.

On the same note, the company has directed additional resources and efforts towards developing Organica, the Group's direct selling business subsidiary to be launched in Malaysia as a starting point. We are pleased to announce that we have successfully attained the direct selling license for Organica to commence business operations in Malaysia from Q2 FY2017. We have also appointed a team of key management personnel who are experienced in managing direct selling business operations in the markets that we intend to operate in. They bring with them a network of experienced and well-connected direct sales representatives that Organica will be able to tap on to distribute a range of wellness, skincare and nutrition products. We have also set up the enterprise infrastructure including warehousing and IT support systems necessary to support our business operations.

BUILDING AND MAINTAINING RELEVANT BRANDS

As a holding company, it is crucial for our brands to stay relevant and appealing to consumers today and tomorrow. This is done through constant research and development of new treatments and products, and on-going efforts to fine-tune and streamline our existing treatment and product offerings.

SCINN, the medical aesthetics arm of the group has been well received by consumers locally. Moving forward the group has invested resources towards winning market share in the regional medical aesthetics tourism segment, with plans to attract potential clients from neighboring countries to come to SCINN for aesthetics treatments.

As a group, we have unceasingly continued our outreach efforts to attract new customers and retain existing ones. During FY2016, we introduced local veteran actor, Li Nanxing and well-known local actress, Constance Song as brand ambassadors for our MU range of products. The brand went on further to set a new Singapore Book of Records with the MU V.TIVATE Mist Spray by garnering the largest number of participants to jointly apply the product at the same time.

Together with the Company's management team, we will continue to seek out new markets and business opportunities in Singapore and abroad to further the interests of the Group and our shareholders.

On behalf of the board, we would like to extend our heartfelt appreciation to all members of our staff and management for their dedication and passion towards their work and the Company. We would also like to take this opportunity to thank our fellow Board members for their wise counsel and support over the last year and finally to all our shareholders, customers, suppliers and business partners for your continued support and confidence.

Yours sincerely,

MARY CHIA
Executive Chairman

WENDY HO
Chief Executive Officer

BOARD OF DIRECTORS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1 MARY CHIA
Executive Chairman

Ms Mary Chia is our Executive Chairman and the founder of Mary Chia Holdings Limited. She was appointed to our Board on 30 April 2009 and has been the executive chairman of Mary Chia Beauty & Slimming since its incorporation in 1994. Ms Mary Chia is responsible for the overall management, formulation of business plans, strategic positioning and business expansion of our Group. She has more than 30 years of experience in the lifestyle and wellness industry. Ms Mary Chia was awarded the Entrepreneur of the Year organised by Rotary–ASME in 2004.

Ms Mary Chia has attended several courses including the "Comprehensive Course incorporating Medical Beauty, Face Lifting and Cosmetic Acupuncture" organised by the International Medical Beauty Research Association and the "Beauty Lecturer Course" organised by the S.E. Asia (International) Beauty & Hair Research Association in 1989.

2 WENDY HO
Chief Executive Officer

Ms Wendy Ho is our Chief Executive Officer ("CEO") and was appointed to our Board on 30 April 2009. Ms Wendy Ho has been the CEO of Mary Chia Beauty & Slimming since August 2003 and an executive director of Mary Chia Beauty & Slimming since its incorporation in 1994. She is responsible for the daily management and operations and directing our Group's overall strategy and growth. Ms Wendy Ho has more than 20 years of experience in the lifestyle and wellness industry and was awarded the Entrepreneur of the Year Award organized by Rotary-ASME in 2004.

Ms Wendy Ho is conferred the Advanced Certificate in Training and Assessment (Facilitated Training), professionally accredited by Singapore Workforce Development Agency in August 2015. Ms Ho also holds a CIBTAC Diploma in Aesthetic Treatments - Credit and a Certificate from Singtrain Academy in Infant & Child massage/tuina which is accredited by CIBTAC. She has also attended several courses including the "Comprehensive Course incorporating Medical Beauty, Face Lifting and Cosmetic Acupuncture" organized by the International Medical Beauty Research Association and the "Beauty (Theories & Techniques) Course" organized by the S.E. Asia (International) Beauty & Hair Research Association in 1989.

3 YEUNG KOON SANG @ DAVID YEUNG
Independent Director

Mr Yeung Koon Sang @ David Yeung was appointed as our Independent Director on 11 June 2009. Mr David Yeung is the Chairman of Audit Committee and Remuneration Committee, and also a member of the Nominating Committee of the Company. Currently, he is the Lead Independent Director of the Company.

Mr David Yeung is currently a Director of Kreston David Yeung PAC, a professional company providing auditing, accounting and tax services, which was first founded by him as a sole proprietorship in 1987. He has over 30 years of experience in public accountancy and had worked previously with Deloitte & Touche, UK and Ernst and Young, Singapore and US.

Mr David Yeung also served on several Boards listed on the SGX-ST – Ace Achieve Infocom Ltd, AEI Corporate Limited, Southern Packaging Group Co Limited, Citic Envirotech Ltd. And CNA Group Ltd.

Mr David Yeung holds a Master of Social Science (Accounting) degree from the University of Birmingham, England. He is a Public Accountant and a fellow of the Institute of Singapore Chartered Accountants and the Association of Chartered Certified Accountants, United Kingdom. Mr David Yeung was a council member of the National Council of Social Services, Chairman of the School Advisory Committee of Ang Mo Kio Secondary School and an honorary treasurer of the Radin Mas Citizen Consultative Committee. In 2001, he was conferred the Public Service Medal by the President of the Republic of Singapore.

BOARD OF DIRECTORS

4 CHIA CHOR LEONG

Independent Director

Mr Chia Chor Leong was appointed as our Independent Director on 22 September 2014. Mr Chia is the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee of the Company. Mr Chia has a Bachelor of Laws (Honours) degree from the University of Singapore in 1980 and was admitted as an advocate and solicitor of the Supreme Court of Singapore in 1981. He has been practising as an advocate and solicitor since 1981, and is presently a director in Citilegal LLC., a law corporation.

Mr Chia is a distinguished solicitor, a Fellow of the Singapore Institute of Arbitrators and a member of the Institute's Panel of Arbitrators, and an accredited Adjudicator as well as an accredited Associate Mediator with the Singapore Mediation Centre. He is also a commissioner for oaths as well as a notary public.

Mr Chia had served as the Chairman of the Criminal Law Advisory Committee (Review) of the Ministry of Home Affairs, Singapore. He is the Chairman of the External Placement Review Board and a member of the Independent Review Panel, under the Ministry of Home Affairs. He is also a member of the Singapore Road Safety Council. In recognition of his voluntary public service, Mr Chia was awarded the Pingat Bakti Masyarakat (Public Service Medal) in 2000 and the Bintang Bakti Masyarakat (Public Service Star) in 2007.

5 PAO KIEW TEE

Independent Director

Mr Pao was appointed as our Independent Director on 10 December 2012. He is a member of the Audit, Nominating and Remuneration Committees.

Mr Pao was a Senior Government Auditor holding the position of Senior Group Director. As a senior auditor, he was overall in charge of a group responsible for auditing the financial statements and operation audits of government ministries and statutory boards. Prior to joining the Singapore Government in 1979, Mr Pao was with an accounting firm in New Zealand between 1977 and 1978. From graduation in 1974 to 1977, Mr Pao worked for the Commercial Bank of Australia in New Zealand.

Mr Pao is currently an independent director of two other public listed companies in Singapore, namely Jubilee Industries Holdings Limited and Logistics Holdings Limited. He was appointed an independent director of Wong Fong Industries Limited on 28 June 2016, which has lodged a preliminary offer document with the SGX in relation with its proposed listing on Catalist. He held the position of honorary treasurer or honorary secretary of the Serangoon Gardens Country Club for several years between 1998 and 2012. He is also active in various grassroots organisations and is a member of the Audit Committee of Seletar Country Club.

Mr Pao holds a Bachelor of Commerce (Accounting) degree from the University of Otago, Dunedin, New Zealand in 1974. He is a Fellow of Institute of Chartered Accountant of Singapore and a member of the Singapore Institute of Directors.

KEY MANAGEMENT

MR SIMON OOI

Managing Director

(MCU Holdings Sdn Bhd and MCU Beautitudes Sdn Bhd, Malaysia)

Mr Simon Ooi joined our Group as Managing Director of MCU Holdings Sdn Bhd in May 2009. He is responsible for overseeing the Group's Malaysia operations and business development.

Prior to joining our Group, he worked in Herbaline Beauty Group as an executive and marketing Director from 2007 to 2009. From 2006 to 2007, he was the general manager of LuXOR Beauty World Sdn Bhd and prior to that, he was the marketing and operation manager of Adonis Beauty Group for 7 years from 2000 to 2006.

Mr Ooi is a professional advisor in Beauty and Slimming Nutrition, a columnist in the beauty and slimming section of various newspapers and magazines and starred as a specialist guest on Ai FM radio channel, 8TV channel, NTV7 channel's slimming, healthy and beauty sessions in Malaysia.

He holds a Bachelor of Science degree from National Taiwan University. He also received a Public Speaking certification from the accredited Malaysian Speakers' Association.

MS TAN LAY LEE

Financial Controller

Ms Tan Lay Lee has been appointed as the Company's Financial Controller since 8 December 2015. She is responsible for the full spectrum of the finance and accounting functions, as well as budgeting, managing of cash flow, taxation matters and ensuring compliance of statutory audit requirements for the Group.

Prior to joining the Group, Ms Tan worked with Informatics Education Ltd, a SGX Mainboard listed company from 2005 to 2015.

Ms Tan is a non-practising member of the Institute of Singapore Chartered Accountants and a fellow member of the Association of Chartered Certified Accountants of United Kingdom.

FINANCIAL CONTENTS

The Board of Directors (the "Board") of Mary Chia Holdings Limited (the "Company") and together with its subsidiaries, the ("Group") is committed to maintaining high standards of corporate governance. Good corporate governance provides the framework for an ethical and accountable corporate environment, which will protect the interests of the Company's shareholders and promote investors' confidence. This report outlines the Company's corporate governance practices and structures in the financial year ended 31 March 2016 ("FY2016"), with specific reference made to each of the principles of the Code of Corporate Governance 2012 (the "Code") and the disclosure guide developed by the Singapore Exchange Trading Limited (the "SGX-ST") in January 2015. Where applicable, any deviations from the Code are explained.

Board Matters

1. The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with the management to achieve this objective and the management remains accountable to the Board.

The Board is involved in the supervision of the management of the Group's operations. All Directors shall discharge their fiduciary duties and responsibilities at all times in the interests of the Group. Matters which specifically require the Board's decision or approval include:

- corporate strategies, business plan and direction of the Group;
- major funding and investment proposals;
- nomination and appointment of directors to the Board and appointment of key personnel;
- interested person transactions;
- half and full year financial results announcement, the annual report and reporting accounts;
- declaration of interim dividends and proposal of final dividends;
- material acquisition and disposal of assets; and
- all other matters of strategic importance relating to the Group.

The Board has delegated specific responsibilities to three Board committees, namely the Audit Committee, Remuneration Committee and Nominating Committee. These committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis.

The Board meets at least twice in each financial year to coincide with the announcements of the Group's half year and full year financial results. Additional ad-hoc meetings are held where circumstances require to address any specific or significant matters that may arise. The Constitution of the Company allows for Board meetings to be conducted by way of tele-conference and video conference.

The number of meetings held and attended by each Director for the financial year under review is set out below:

Directors	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mary Chia Ah Tow[1]	3	3	2	2	1	1	1	1
Ho Yow Ping (He YouPing)[1]	3	3	2	2	2	2	1	1
Yeung Koon Sang @ David Yeung	3	3	2	2	2	2	1	1
Pao Kiew Tee	3	3	2	2	2	2	1	1
Chia Chor Leong	3	2	2	1	2	2	1	1

Note:

(1) Ms Mary Chia Ah Tow and Ms Ho Yow Ping (He YouPing) attended the Audit Committee meetings, Nominating Committee meetings and Remuneration Committee meetings as invitees.

Newly-appointed Directors will be given an orientation program with materials provided to familiarise themselves with the business and organisational structure of the Group. Directors are also given an opportunity to visit the Group's business units and meet with management staff to get a better understanding of the Group's operations. In addition, the new Director will undergo relevant training to enhance their skills and knowledge, particularly on new laws, regulations and changing risks affecting the Group's operations. Other forms of training include governance practices and training in accounting, legal and industry-specific knowledge. Upon appointment of each Director, the Company will also provide a formal letter to each Director which sets out their duties and obligations.

The Company is responsible for arranging and funding the training of Directors. All Board members are provided with regular updates on the changes in the relevant laws and regulations and financial reporting standards to enable them to make well-informed decisions and to ensure they are competent in carrying out their expected roles and responsibilities. Where appropriate, the Company will arrange for Directors to attend seminars and receive training to improve themselves in discharging of their duties as Directors. The Company also works closely with professionals as and when appropriate to provide its Directors with updates in changes to relevant laws, regulations and accounting standards.

In FY2016, the Company's external auditors, Messrs Foo Kon Tan LLP, updated the Board on the changes in accounting standards. There were no incoming directors during the course of the financial year. New Directors upon appointment, will undergo an orientation program where the Group Human Resource Manager will brief them on the Group's business, policies and governance practices to ensure that they are familiar with them. Directors and key executives undergo relevant training to enhance their skills and knowledge, particularly on new laws, regulations and changing risks affecting the Group's operations. Other forms of training include governance practices and training in accounting, legal and industry-specific knowledge. All Directors are updated regularly concerning any changes in company policies, risk management, accounting standards, relevant new laws, regulations and changing commercial risks. Directors are encouraged to attend, at the Group's expense, relevant and useful training or seminars conducted by external organisations.

News releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("ACRA") which are relevant to the directors are circulated to the Board. The Board was given updates at each meeting on business and strategic development pertaining to the Group's business. The Executive Chairman and Chief Executive Officer ("CEO") also updated the Directors on the trends and developments in the beauty and wellness industry, including regulatory changes and its impact on the Group.

2. Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

In FY2016, the Board consisted of two (2) executive and three (3) Independent Directors ("ID") as follows, who bring a wide range of business, legal and financial experience relevant to the Group:

Mary Chia Ah Tow	Executive Chairman
Ho Yow Ping (He YouPing)	Chief Executive Officer
Yeung Koon Sang @ David Yeung	Lead Independent Director
Pao Kiew Tee	Independent Director
Chia Chor Leong	Independent Director

The Company endeavours to maintain a strong and independent element on the Board. There were three (3) independent directors ("IDs") on the Board for the financial year under review which made up more than half of the Board, thereby meeting the requirement of the Code which stipulates that where (1) the Executive Chairman and the CEO are immediate family members; (2) the Executive Chairman is part of the management; or (3) the Executive Chairman is not an independent director, independent directors should make up at least half of the Board.

All the Board committees are chaired by the IDs. The IDs had confirmed that they did not have any relationship with the Company, its related corporations, its officers or its shareholders with shareholding of at least 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Company and its shareholders. The Company adopts the Code's definition of what constitutes an independent director in their review.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.

The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:

Table 2.6 - *Balance and Diversity of the Board*

	Number of Directors	Proportion of Board
Core Competencies		
- Accounting or finance	2	40%
- Business management	4	80%
- Legal or corporate governance	3	60%
- Relevant industry knowledge or experience	3	60%
- Strategic planning experience	3	60%
- Customer based experience or knowledge	4	80%

The Board has taken the following steps to maintain or enhance its balance and diversity:

- by assessing the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
- evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.

The Board members comprise seasoned professionals with management, financial, accounting, legal and relevant industry backgrounds. Its composition enables the Management to benefit from a diverse and objective external perspective on issues raised before the Board. The Board considers that its Directors possess the necessary competencies to lead and govern the Company effectively.

The Nominating Committee ("NC") is responsible for reviewing the independence of the IDs on an annual basis. A member of the NC should not participate in the deliberation in respect of his independence as an independent director. The NC had reviewed and determined that all the IDs are independent based on the results of the annual assessment.

The profile of the Directors is set out in the section, "Board of Directors" of the Annual Report.

The IDs provide, among other things, strategic guidance to the Company based on their professional knowledge, in particular, assisting, constructively challenging and developing strategic proposals.

The Board is of the opinion that, given the scope and nature of the Group's operations, the present size of the Board is appropriate in facilitating effective decision making.

The IDs will constructively challenge and assist in the development of proposals on strategy, and assist the Board in reviewing the performance of the Management in meeting agreed goals and objectives, and monitor the reporting of performance. When necessary, the IDs will hold discussions amongst themselves without the presence of Management and Executive Directors to facilitate a more effective check on Management and/or Executive Directors.

There are no independent directors who have served beyond nine (9) years since the date of their first appointment.

3. Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Company has a separate Executive Chairman and CEO. Ms Mary Chia Ah Tow is the Executive Chairman of the Board and Ms Ho Yow Ping (He YouPing); daughter of Ms Mary Chia Ah Tow, is the CEO.

The Executive Chairman leads the Board discussions and deliberation and also ensures that the Board meetings are held when necessary. She sets the meeting agenda and ensures that the Directors are provided with complete, adequate and timely information. She also assists in ensuring compliance with the Group's guidelines on corporate governance.

The CEO is responsible for the day-to-day management of the business. She has executive responsibilities in the business directions and operational efficiency of the Group. She also oversees the execution of the Group's corporate and business strategy set out by the Board and ensures that the Directors are kept updated and informed of the Group's business.

Although the Executive Chairman and the CEO are related to each other, the Board is of the view that the process of decision making by the Board is independent and based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence. All Board committees are chaired by the IDs and more than half of the Board consists of IDs. As such, there are adequate accountability and safeguards to ensure an appropriate balance of power and authority for good corporate governance.

Shareholders with concerns may contact the Lead Independent Non-Executive Director - Mr Yeung Koon Sang @ David Yeung (at email: auditcommittee@marychia.com), when contact through the normal channels via the Executive Chairman, CEO or the Financial Controller has failed to provide a satisfactory resolution or when such contact is inappropriate.

During the financial year, the IDs had a discussion amongst themselves without the presence of key management personnel and Executive Directors, to discuss matters and provide relevant feedback.

4. Board Membership

Principle 4: There should be a formal and transparent process for the appointment and reappointment of directors to the Board.

In FY2016, the NC comprised Mr Chia Chor Leong, Mr Pao Kiew Tee, and Mr Yeung Koon Sang @ David Yeung, all of whom, including the Chairman of the NC, were IDs.

The Chairman of the NC is Mr Chia Chor Leong. He is not directly associated[1] to a substantial shareholder of the Company.

The NC meets at least once a year.

The NC has adopted specific terms of reference and is responsible for, *inter alia*:

(a) Appointment of new Directors with the appropriate profile in regards to their expertise, experiences, industry background, track record and competencies;

(b) Re-nomination of the Directors having regard to the Director's contribution and performance;

(c) Determining on an annual basis whether or not a Director is independent;

[1] A director will be considered "directly associated" to a substantial shareholder when the director is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder.

(d) Reviewing the composition of the Board and make recommendations on the performance criteria and appraisal process to be used in the evaluation of individual directors;

(e) Assessing the effectiveness of the Board as a whole and deciding whether or not a Director is able to and has been adequately carrying out his/her duties as a Director;

(f) Reviewing of board succession plans for directors, in particular, the Chairman and for the CEO;

(g) Development of a process for evaluation of the performance of the Board, its board committees and directors; and

(h) Reviewing of training and professional development programs for the Board.

Where a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new director with particular skills or experience, the NC, in consultation with the Board, determines the selection criteria and selects the candidate with the appropriate expertise and experience for the position. The search and nomination process for new directors, if any, will be through contacts and recommendations provided by the Management. The NC will review, assess and meet with the candidates before making recommendation to the Board. In recommending new directors to the Board, the NC takes into consideration the skills and experience required to support the Group's business activities and strategies, the current composition and size of the Board, and strive to ensure that the Board has an appropriate balance of independent directors as well as directors with the right profile, expertise, skills, attributes and ability. Upon confirmation, the new Directors will be appointed by way of board resolution. Such new directors will submit themselves for re-election at the next annual general meeting of the Company in accordance to the Company's Constitution.

In considering re-electing a director, the NC would assess the performance of the director in accordance with the performance criteria set by the Board; and the NC would also consider the current needs of the Board. When re-appointing a director, the NC after it's satisfactory assessment would then recommend the proposed re-appointment of the director to the Board for its consideration and approval.

The NC has established a formal appraisal process to assess the performance and effectiveness of the Board as a whole as well as to assess the individual Directors for their contribution and their commitment to their role. The appraisal process focuses on a set of performance criteria which includes the evaluation of the Board's composition and size, the Board's processes, the Board's effectiveness and training, the provision of information to the Board, the Board's standards of conduct and financial performance indicators. Such performance criteria are approved by the Board and they address how the Board has enhanced long term Shareholders' value.

Pursuant to the provisions of Regulation 98 of the Company's Constitution, all Directors are subject to re-nomination and re-election at regular intervals of at least once every three years. At each annual general meeting ("AGM"), at least one third of the Directors are required to retire from office and submit themselves for re-election.

The NC recommended to the Board that Ms Mary Chia Ah Tow and Mr Yeung Koon Sang @ David Yeung be nominated for re-election at the forthcoming AGM, having reviewed and being satisfied with the overall contributions and performance of Ms Mary Chia Ah Tow and Mr Yeung Koon Sang @ David Yeung. With the Directors offering themselves for re-election, the Board has accepted the recommendations of the NC.

Mr. Yeung Koon Sang @ David Yeung, being a member of the NC, who is retiring at the AGM abstained from voting on the resolution in respect of his re-nomination and re-appointment as a Director.

The year of initial appointment and last re-election of each Director as well as their present and past directorships in other listed companies and principal commitments as at the date of this report are set out below:-

Director	Date of initial appointment	Date of last re-election	Current directorships in listed companies	Past directorships in listed companies (preceding three years)	Principal Commitment
Mary Chia Ah Tow	30 April 2009	23 July 2014	Nil	Nil	Nil
Ho Yow Ping (He YouPing)	30 April 2009	28 July 2015	Nil	Nil	Nil
Yeung Koon Sang @ David Yeung	11 June 2009	23 July 2014	1. Ace Achieve Infocom Limited 2. AEI Corporation Ltd 3. Southern Packaging Group Ltd 4. Citic Envirotech Ltd 5. CNA Group (under Judicial Management)	China Flexible Packaging Holdings Ltd	Kreston David Yeung PAC
Pao Kiew Tee	10 December 2012	28 July 2015	1. Wong Fong Industries Limited 2. Jubilee Industries Holdings Ltd 3. Logistics Holdings Ltd	Imperium Crown Limited	Nil
Chia Chor Leong	22 September 2014	28 July 2015	1. Frencken Group Limited 2. Southern Packaging Group Ltd	Resources Holdings Limited	CitiLegal LLC

Multiple board representation

The NC has considered and is of the view that it will not set a limit on the number of directorships that a Director may hold because each Director has different capabilities, and the nature of the organizations in which they hold appointments and the kind of committees on which they serve are of different complexities. These Directorships would widen the experience of the Board and give it a broader perspective. The NC will continue to monitor and assess the demands of each Director's competing directorships and obligations to ensure each Director has given sufficient time and attention to the affairs of the Company and has adequately discharge his duties to the Company. Based on its assessment, the NC will then determine, if required, the maximum number of directorships each Director can hold.

The considerations in assessing the capacity of Directors include the following:

• Expected and/or competing time commitments of Directors;

• Geographical location of Directors;

• Size and composition of the Board; and

• Nature and scope of the Group's operations and size

There is no alternative director being appointed by the Board.

The NC had reviewed and is satisfied that in FY2016, the three Independent Directors who have multiple board representations, had been able to devote adequate time and attention to the affairs of the Company to fulfill their duties as Directors of the Company.

5. Board Performance

Principle 5: There should be formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.

The NC evaluates the performance of the Board as a whole and Board Committees based on performance criteria set by the Board. The criteria for assessing the Board's and Board Committees' performance include the Board's composition and size, processes, accountability, standard of conduct and performance of its principal functions and fiduciary duties, and guidance to and communication with the Management. The level of contribution to Board meetings and other deliberations are also considered.

During FY2016, Directors were requested to complete a self-assessment checklist based on the above areas of assessment to assess the overall effectiveness of the Board and Board Committees. The results of these checklists were considered by the NC which made recommendations on the re-nomination of Directors to the Board to help the Board in discharging its duties more effectively. No external facilitator was engaged for the evaluation process in FY2016.

The NC had assessed the current Board's and Board Committees' performance to-date and is of the view that the performance of the Board as a whole was satisfactory. Given the relatively small size of the Board, the NC is of the view that there is no immediate need to conduct a formal assessment of the contribution of individual Directors to the effectiveness of the Board.

The NC has assessed the current Board's performance to-date and is of the view that the performance of the Board as a whole is satisfactory.

6. Access to information

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Management provides the Board with complete, adequate and timely information prior to Board meetings and on an on-going basis. Where a decision has to be made, the necessary information is provided to the Directors in a timely manner to enable them to make informed decisions.

All Directors are from time to time furnished with information concerning the Group to enable them to be fully cognizant of the decisions and actions of the Group's executive management. The Board has unrestricted access to the Company's records and information. In order to ensure that the Board is able to fulfil its responsibilities, Management provides the Board members with regular management accounts and all relevant information for assessment of the group's performance. In addition, all relevant information on material events and transactions are circulated to Directors as and when they arise. Whenever necessary, senior management staff will be invited to attend the Board meetings and AC meetings to answer queries and provide detailed insights into their areas of operations. The Board, either individually or as a group, also has separate and independent access to the senior management staff. A half yearly report of the Group's activities is also provided to the Directors.

The Board has separate and independent access to the Management and the Company Secretary at all times. The Company Secretary is present at all Board meetings to ensure that Board's procedures are followed, and the relevant rules and regulations are complied with. The minutes of the Board and Board Committees' meetings are circulated to the Board.

The secretary's key role is to ensure that board procedures are followed and regularly reviewed. The function of the secretary is to handle all the corporate paperwork and procedural matters of a company such as to:

1. Monitor and ensure compliance with the relevant legal requirements, review developments in corporate governance and advise the directors of their duties and responsibilities;

2. Ensure that the statutory registers required to be kept are established and properly maintained, in particular, the register of director's and substantial shareholder's holding in shares in the company;

3. Ensure safe custody and proper use of the common seal;

4. Ensure that the directors' disclosure of interests are brought up at board meetings and minuted;

5. Organise and attend directors' and shareholders' meetings such as sending out notices, preparing agendas, taking down of minutes of meetings, give advice at meetings on questions relating to procedure (eg., quorum requirements, voting procedures, proxy provisions), statutory requirements and ensure the correct procedures are followed;

6. Ensure that the annual return and financial statements and any other filing required by ACRA are filed within the timeframe; and

7. Disseminate information to the public via the SGXNET.

Management deals with requests for information from the Board promptly and consults the Board members regularly whenever necessary and appropriate.

Should the Directors, whether individually or as a group, require independent advice on any specific issues, they may engage independent professionals at the Company's expense to enable them to discharge their duties with adequate knowledge on the matters being deliberated.

7. Remuneration Committee

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his or her own remuneration.

In FY2016, the Remuneration Committee ("RC") comprised of Mr Yeung Koon Sang @ David Yeung, Mr Pao Kiew Tee, and Mr Chia Chor Leong, all of whom, including the Chairman of the RC, are IDs.

The Chairman of the RC is Mr Yeung Koon Sang @ David Yeung.

The key terms of reference of the RC, *inter alia*, are as follows:

(a) to review and recommend to the Board the terms of renewal for those Executive Directors whose current employment contracts will be expiring or had expired;

(b) to consider the various disclosure requirements for directors' remuneration, particularly those required by regulatory bodies such as SGX and to ensure that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and relevant interested parties;

(c) to make recommendations to the Board on the Company's framework of remuneration, the specific remuneration packages for each Executive Director and the CEO or executive of relevant rank if the CEO is not a Director;

(d) to engage such professional consultancy firm as the RC may deem necessary to enable it to discharge its duties hereunder satisfactorily;

(e) to carry out such other duties as may be agreed to by the RC and the Board; and

(f) to perform an annual review of the remuneration, bonuses, increases and/or promotions of employees related to our Directors and/or substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scope and level of responsibilities.

The RC recommends to the Board a framework of remuneration for the Directors and Executive Officers, and determines specific remuneration packages for the Executive Chairman and CEO. The RC submits its recommendations to the Board for endorsement. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind are covered by the RC. Each member of the RC shall abstain from voting on any resolutions and making recommendations or participating in any deliberations in respect of his or her remuneration package.

8. Level and mix of remuneration

Principle 8: The level and structure of remuneration should be aligned with the long term interest and risk policies of the Company. Appropriate remuneration to attract, retain and motivate directors and key management but should avoid paying more than is necessary for this purpose.

The RC performs an annual review and ensures that the remuneration packages are comparable within the industry and with similar companies and will also take into consideration the Group's relative performance and the contributions and responsibilities of the individual Directors.

The Board had considered the RC's recommendation and the Company had renewed the service agreements with the Executive Directors, Ms Mary Chia Ah Tow and Ms Ho Yow Ping (He YouPing), in relation to their appointments as Executive Chairman and CEO respectively, for a period of 3 years from 11 August 2015, under the same terms and conditions of the previous service agreements.

The IDs are compensated based on fixed directors' fees taking into considerations their contributions, responsibilities and time spent. Their fees are recommended to shareholders for approval at the AGM of the Company.

There are no extraordinary termination, retirement and post-employment benefits granted to the Directors and the top five key management personnel. The compensation for immediate termination is the amount of remuneration in relation to the notice period unless termination is due to misconduct, where no compensation will be granted.

If necessary, the RC may seek expert advise outside the Company on remuneration of the Directors and key management personnel. The RC ensures that in the event of such advise being sought, existing relationships, if any, between its Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The Company has not appointed any remuneration consultants for FY2016.

9. Disclosure on remuneration

Principle 9: Clear disclosure on remuneration policy, level and mix of remuneration and the procedure for setting remuneration.

The Company adopts a policy of rewarding its Executive Directors, key executives and managers by way of a basic salary and a variable component comprising variable bonus which is based on individual performance as well as the performance of the Group as a whole. The level and structure of the remuneration are aligned with the market practice to ensure competitive compensation for our Executive Directors, key management personnel and managers.

The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2016. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary and fixed allowance. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.

The performance conditions used to determine the entitlement of the Executive Directors and key management personnel comprises of both qualitative and quantitative conditions.

Certain quantitative conditions taken into consideration are target revenue, target profit, sales growth and years of service, while qualitative conditions comprise of on-the-job performance, leadership, teamwork, etc. the performance conditions are set by the RC. In view of the challenging operating conditions, the performance conditions were referred to but not factored in the determination of the remuneration received by the Executive Directors and the key management personnel for FY2016. The inclusion of the performance conditions in the service agreement of the Executive Directors and key management personnel is done in a review conducted prior to the renewal of the service agreement of the Executive Directors and performance evaluation for key executives.

Directors	**Salary %**	**Bonus %**	**Fees %**	**Other Benefits %**	**Total %**
$250,000 to $500,000					
Mary Chia Ah Tow	100	-	-	-	100
Ho Yow Ping (He YouPing)	100	-	-	-	100
Below $250,000					
Yeung Koon Sang @ David Yeung	-	-	100	-	100
Chia Chor Leong	-	-	100	-	100
Pao Kiew Tee	-	-	100	-	100

Due to confidentiality and competitive pressures in the industry and talent market and to prevent poaching of key management personnel, the Company shall not fully disclose the remuneration of individual Directors and the top five key management personnel on a named basis. Instead, the remuneration paid to each Director and the top five key management personnel for the financial year shall be presented in bands of $250,000.

Remuneration of key management personnel

The top five key management personnel of the Group (excluding the CEO) in each remuneration band in FY2016 were as follows:

Key Management Personnel	**Salary %**	**Bonus %**	**Fees %**	**Other Benefits %**	**Total %**
Below $250,000					
Simon Ooi	93.5	6.5	-	-	100
Ng Wee Seng	97	3	-	-	100
Tan Lay Lee (appointed on 8 December 2015)	100	-	-	-	100
Ang Geok Pheng Jenny (resigned on 6 May 2016)	100	-	-	-	100
Liau Keng Fatt	100	-	-	-	100
Cheong Kuei Jung (resigned on 27 November 2015)	100	-	-	-	100

None of the key management personnel above is related in any way to the Executive Chairman or the CEO and Directors of the Company.

The aggregate of the total remuneration paid to the top five key management personnel (who were not Directors or CEO) was $374,916.

During the financial year under review, Ho Yuen Kwan, business development manager, who is the son of the Executive Chairman and the brother of the CEO, has an annual remuneration of between $50,000 to $100,000.

During the financial year under review, Wai Lee Chien, sales and operations manager, who is the daughter-in-law of the Executive Chairman and the sister-in-law of the CEO, has an annual remnueration of between S50,000 to $100,000.

The Company does not have any employee share option scheme.

There were no termination or retirement benefits, as well as post-employment benefits that are granted to the Directors, Chairman, CEO and key management personnel.

10. Accountability and audit

Accountability

Principle 10: Board to present balanced and understandable assessment of the Company's performance, position and prospects.

The Board is accountable to shareholders and disseminates information on the Group's performance, position and prospects through the half year and full year financial results announcement as well as the annual report. The Board also furnishes timely information and ensures full disclosure of material information to shareholders via SGXNET or press releases.

The auditors of the Company's subsidiaries are disclosed in note 14 to the financial statements in this annual report.

11. Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the company's assets, and should determine the nature and extent of the significant risk which the Board is willing to take in achieving its strategic objectives.

The Company does not have a risk management committee. However, the Management regularly reviews the Company's businesses and operational activities to identify areas of significant business risks and takes appropriate measures to minimise these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC. The Management and Directors have also considered the various financial risks, details of which are disclosed in the notes to the accompanying audited financial statements.

The AC will ensure that a review of the effectiveness of the Group's material internal controls, including financial, operational, compliance controls and risk management is conducted annually by the Management, external and internal auditors. The AC will review the audit plans, and the findings of the external auditors and internal auditors, and will ensure that the Group follows up on the external and internal auditors' recommendations raised, if any, during the audit process.

In its review of the external auditors' examination and evaluation of the system of internal controls for FY2016, to the extent of the scope as laid out in their audit plan, no significant weakness in the system has come to the attention of the AC to cause it to believe that the system of internal controls is inadequate.

In FY2016, the Board had received assurance from the CEO and Financial Controller that:

(a) the financial records have been properly maintained and the financial statements for FY2016 give a true and fair view of the Company's operations and finances; and

(b) the Company's risk management and internal control systems are effective.

At present, the Board relies on the assurance provided by Management, external audit report and management letter prepared by the external auditors on any material non-compliance or internal control weaknesses. There were no major internal control weaknesses highlighted by the external auditors for the attention of the AC for FY2016.

Based on the internal controls established and maintained by the Group, works performed by the internal auditors to date and external auditors and reviews performed by the Management, the AC and the Board are of the opinion that the Group's system of internal controls, addressing financial, operational, compliance and information technology, and risk management system were adequate and effective for FY2016.

In light of the recent charges under the Employment of Foreign Manpower Act and Massage Establishment Act which centered on the employment of foreign employees, the Company has since engaged a human resource ("HR") consultant to review the Group's HR policy and to recommend measures to prevent such recurrence. A new Group HR Manager has been hired and tasked to review and improve on the standard operating procedures relating to hiring, retention, training and development.

12. Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly sets out its authority and duties.

In FY2016, the Audit Committee ("AC") comprised Mr Yeung Koon Sang @ David Yeung, Mr Pao Kiew Tee, and Mr Chia Chor Leong, all of whom, including the Chairman of the AC, are IDs. The Chairman of the AC is Mr Yeung Koon Sang @ David Yeung.

The Board is of the view that the members of the AC have sufficient accounting and financial management expertise and experience to discharge the AC's functions. The AC carried out its functions in accordance with the Companies Act, Catalist Rules, the Code, and its terms of reference.

The AC assists the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records, and develop and maintain effective system of internal controls, with the overall objective of ensuring that the Management creates and maintains an effective controls environment in the Group. The AC provides a channel of communication between the Board, the Management and external auditors on matters relating to audit.

The AC meets at least twice a year to discuss and review the following, where applicable:

(a) Review with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to Management and the Management's response;

(b) Review the financial statements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Catalist Rules and any other relevant statutory or regulatory requirements;

(c) Review the internal controls procedures and ensure co-ordination between the external auditors and the Management, review the assistance given by the Management to the external auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the Management, where necessary);

(d) Review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;

(e) Consider the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of auditors;

(f) Review interested persons transactions (if any) and potential conflicts of interest (if any) falling within the scope of Chapter 9 of the Catalist Rules;

(g) Undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(h) Generally undertake such other functions and duties as may be required by the statute or the Catalist Rules, or by such amendments as may be made thereto from time to time; and

(i) Review the key financial risk areas, with a view to provide independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual report or, where the findings are material, announced immediately via SGXNET.

In addition, all transactions with interested persons shall comply with the requirements of the Catalist Rules. In the event that a member of the AC is interested in any matter being considered by the AC, he shall abstain from reviewing and deliberating on that particular transaction or voting on that particular transaction.

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results or financial position or both.

The AC also has the power to investigate any matter brought to its attention, within its terms of reference, with the power to obtain professional advice at the Company's expense. The AC has full access to and the co-operation of the Management, as well as full discretion to invite any Director or key management personnel to attend the meetings and has been given reasonable resources to enable it to discharge its functions properly.

The AC met with the external auditors without the presence of any Executive Director and Management personnel in FY2016.

Messrs Foo Kon Tan LLP had been appointed as the Company's external auditors since 28 March 2016 and Mr Robin Chin is the current audit engagement partner in charge of the audit of the Company.

The AC, having reviewed the scope and value of the non-audit services in relation to the audit of the gross turnover of the outlets' sales provided by Messrs Foo Kon Tan LLP to the Group, are satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

The AC is also satisfied with the level of co-operation rendered by the Management to the external auditors and the adequacy of the scope and quality of their audits.

The Company confirms that Rules 712 and 715 of the Catalist Rules are complied with.

The AC had recommended to the Board the nomination of Messrs Foo Kon Tan LLP for re-appointment as auditors of the Company at the AGM2016.

The Company had instituted a whistle-blowing policy to provide a channel for employees of the Group to report in good faith and in confidence, without fear of reprisals, concern about possible improprieties in financial reporting and other matters. The objective of the policy will ensure that there is independent investigation of such matters and that appropriate follow up actions will be taken. The AC exercises the overseeing function over the administration of the policy. Staff is given direct access to the AC via email or mail. Once a complaint is lodged, the AC will direct Management to investigate and review any report findings as well as follow up actions taken.

The AC had recommended that the Company's whistle-blowing policy to be disseminated to each new employee.

The AC members are kept abreast of the changes to accounting standards and issues which have a direct impact on financial statements through the briefing by external auditors during the AC meetings.

13. Internal Audit

Principle 13: The Company should establish an internal audit function that is independent of the activities it audits.

The AC is aware of the need to establish a system of internal controls within the Group to safeguard the shareholders' interests and the Group's assets, and to manage risk. The size of the operations of the Group does not warrant the Group to have an in-house internal audit function.

The Board, with recommendation from AC, has appointed Kreston John & Gan, an audit firm based in Malaysia, to carry out the internal audit function.

Kreston John & Gan assists the Company in reviewing the adequacy and effectiveness of the Company's internal controls based on an internal audit plan that covers applicable financial, operational controls and compliance. As part of the internal audits, they also provide recommendations to the AC to address any weaknesses in its internal controls.

Kreston John & Gan performs internal audit planning in consultation with, but independent of the Management. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. In addition, the internal auditors may be involved in *ad hoc* projects initiated by the Management which require the assurance of the internal auditors in specific areas of concerns. Kreston John & Gan has access to the Company's properties, information and records and performed their reviews in accordance with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. As the Company's outsourced internal auditors in Malaysia, Kreston John & Gan is required to provide staff of adequate expertise and experience to conduct the internal audit activities.

Kreston John & Gan reports to the AC on internal audit matters. The AC also reviews and approves the internal audit plans and resources to ensure that Kreston John & Gan has the necessary resources to adequately perform its functions.

The Company's internal audit is ongoing, which includes reviews of financial, operational and compliance controls and risk management of its businesses. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of actions taken by the management on the recommendations made by the internal auditors in this respect. The AC is satisfied that the internal audit function is adequately resourced and has the appropriate standing within the Group.

14. Communication with Shareholders

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principal 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Principle 16: Companies should encourage greater shareholder participation at annual general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Board is mindful of its obligation to provide timely and fair disclosure of material information to shareholders. Shareholders are kept abreast of financial results and other material information concerning the Group through regular and timely dissemination of information through:

- The annual report that is despatched to all shareholders within the mandatory period;
- announcements on the SGXNET at www.sgx.com; and
- the Company's website at www.marychia.com through which shareholders can access information on the Group. An email address is also provided at the Company's website for shareholders and potential investors to send their enquiries.

All shareholders of the Company will receive the notice of AGM and/or extraordinary general meeting and such notice will also be advertised in the newspapers. The Executive Chairman and the Directors attend the AGMS and are available to answer questions from the shareholders. The Chairman of the Board, AC, NC and RC and the external auditors will also be present to assist the Directors in addressing any relevant queries from shareholders. The Company held its last AGM in July 2015. The Board considers the AGM as the main forum where dialogue with shareholders can be effectively conducted. The Company will consider the use of other forum set out in the Code as and when such needs arise.

Shareholders are encouraged to attend, to participate effectively, to vote in the general meetings of the Company, to stay informed of the Company's strategy and goals, in order to ensure a high level of accountability. Notice of the general meeting is despatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 working days before the meeting. If and where questions are presented by the shareholders (in a general meeting or otherwise), the Company will communicate with its shareholders and attend to such questions. The Company meet with institutional and retail investors at least once a year at the AGM of the Company.

The Company has hired an external consultant to handle investors' relations.

The Constitution of the Company allow members of the Company to appoint not more than two proxies to attend and vote on their behalf.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends would depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate that are beneficial to the Company. Notwithstanding the above, any declaration of dividends is clearly communicated to the shareholders via SGXNET.

Taking into consideration the above mentioned factors, the Group did not declare any dividends for FY2016.

Minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management will be prepared and shall be made available to shareholders upon their request.

The Company ensures that there are separate resolutions at general meetings on each distinct issue. Resolutions are put to vote by hand at the general meetings of the Company. The Company has adopted voting by poll from August 2015 in compliance with the Catalist Rules.

15. Dealing in Company's Securities

In line with Rule 1204(19) of the Catalist Rules, the Group has adopted an internal code of conduct to provide guidance to its Directors and officers with regard to dealings in the Company's securities. The Company, Directors and officers of the Company should not deal in the Company's securities on short term considerations and during the period of one (1) month prior to the announcement of the Company's half year and full year financial results and ending on the date of the announcement of the relevant financial results. Directors and officers are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. The Directors and officers are also required to adhere to the provisions of the Companies Act, and any other relevant regulations with regard to their securities transactions.

16. Interested Persons Transactions ("IPTs")

The Company has established procedures to ensure that all transactions with interested persons are reported to the AC which are reviewed, at least twice a year, to ensure that they are carried out at arm's length and in accordance with the established procedures.

The Group does not have a general mandate for IPTs.

The IPTs transacted in FY2016 by the Group were as follows:-

Name of Interested Person	Aggregate value of all IPTs during the financial period under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) $	Aggregate value of all IPTs conducted under shareholder's mandate pursuant to Rule 920 (excluding transactions less than $100,000) $
JL Asia Resources Pte Ltd [1] Operating lease rental income	1,562,000	-
Lee Boon Leng [2] Loan to non-controlling interest	4,900,000	-

Notes:

(1) JL Asia Resources Pte Ltd ("JL Asia") is wholly-owned by Mr Lee Boon Leng ("Mr Lee"), who is the spouse of Ms. Ho Yow Ping (He You Ping), the Chief Executive Officer of the Company. The lease of the premises to operate the hotel entered into between Hotel Culture Pte Ltd and JL Asia was renewed on 14 February 2015 for a term of three years. JL Asia leases and operates the hotel.

(2) Mr Lee is the spouse of Ms. Ho Yow Ping (He You Ping), the Chief Executive Officer of the Company.

During FY2015, the Group, via Hotel Culture Pte Ltd, a subsidiary of the Company, had secured a new revolving loan of $10 million of which $5.1 million was allocated to the Company and $4.9 million allocated to our minority shareholder, Mr Lee Boon Leng, who is also a director of Hotel Culture Pte Ltd, in accordance to their respective equity holdings (the Company holds 51%, and Mr Lee holds 49% of the shares in Hotel Culture Pte Ltd) (the "Loan").

During the financial year, the loan amount of $4.9 million and the accrued interest has been fully repaid.

17. Material Contracts

Pursuant to Rule 1204(8) of the Catalist Rules, the Company confirms that except as disclosed in the above section on IPTs, and the services agreements between the Company and the Executive Chairman and CEO respectively, there were no material contracts entered into by the Company or any of its subsidiaries, involving the interests of the CEO or any other Director or controlling shareholder, which are either still subsisting at the end of FY2016 or if not then subsisting, entered into since the end of the previous financial year.

18. Non-Sponsor Fees

There were no non-sponsor fees paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd.,in FY2016.

19. Non-Audit Fee

The audit and non-audit services that were rendered by the Company's external auditors, Messrs Foo Kon Tan LLP, to the Group and their related fees in FY2016 were as follows:

	$
Audit Fees	90,000
Non-Audit Fees	-
Total	90,000

20. CORPORATE SOCIAL RESPONSIBILITY

We believe that environmentally-friendly practices complement business efficiency. Our staff are encouraged to reduce, recycle and reuse and we advocate corporate social responsibility towards the environment by incorporating these processes in our daily operations. We encourage the use of recycled paper in the office and other activities to reduce the pollution to earth and water.

The directors submit this annual report to the members together with the audited consolidated financial statements of Mary Chia Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 March 2016.

Opinion of the directors

In the opinion of the directors,

(a) the accompanying statements of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Group for the year ended 31 March 2016 in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Names of directors

The directors of the Company in office at the date of this statement are:

Mary Chia Ah Tow (Executive Chairman)
Ho Yow Ping (He YouPing) (Chief Executive Officer)
Yeung Koon Sang @ David Yeung (Lead Independent Director)
Pao Kiew Tee (Independent Director)
Chia Chor Leong (Independent Director)

Arrangements to enable directors to acquire shares or debentures

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement of which the object was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other corporate body other than as disclosed in this statement.

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, none of the directors who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Number of ordinary shares			
	Shares registered in the name of director		Shares in which director is deemed to have an interest	
The Company -	As at	**As at**	As at	**As at**
Mary Chia Holdings Limited	1.4.2015	**31.3.2016**	1.4.2015	**31.3.2016**
Mary Chia Ah Tow	99,707,046	**99,707,046**	-	**-**
Ho Yow Ping (He YouPing)	32,680,000	**32,680,000**	-	**-**
The Subsidiary -				
Hotel Culture Pte Ltd				
Ho Yow Ping (He YouPing)	-	**-**	245,000	**245,000**

There was no change in any of the above-mentioned interests between the end of the financial year and 21 April 2016.

Ms Mary Chia Ah Tow, who by virtue of her interest of not less than 20% of the issued share capital of the Company, is deemed to have an interest in the issued share capital of the subsidiaries held by the Company.

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

Audit Committee

The audit committee at the end of the financial year comprises the following members:

Yeung Koon Sang @ David Yeung (Chairman)
Pao Kiew Tee
Chia Chor Leong

The audit committee performs the functions set out in Section 201B(5) of the Companies Act, Cap. 50, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the committee reviewed the following:

(i) overall scope of external audit and the assistance given by the Company's officers to the auditors. It met with the Company's external auditor to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;

(ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

(iii) the adequacy, effectiveness and efficiency of the Company's risk management, internal financial systems and operating controls, including computerised information system control and security, compliance controls and risk management, and all other material controls, and any related significant findings and recommendations of the auditors, together with management's responses thereto at least on an annual basis;

(iv) the half yearly financial information and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2016 as well as the auditor's report thereon; and

(v) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

The audit committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The audit committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

The audit committee is satisfied with the independence and objectivity of the external auditor and has recommended to The Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

Independent auditor

At the Extraordinary General Meeting of the Company held on 28 March 2016, Foo Kon Tan LLP was appointed as independent auditor of the Company.

The independent auditor, Foo Kon Tan LLP, Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the directors

....
MARY CHIA AH TOW

....
HO YOW PING (HE YOUPING)

Dated: 8 July 2016

Report on the financial statements

We have audited the accompanying financial statements of Mary Chia Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and of the Company as at 31 March 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

<u>Management's responsibility for the financial statements</u>

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter. 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

<u>Auditor's responsibility</u>

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016, and the financial performance, changes in equity and the cash flows of the Group for the financial year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

Other matter

The financial statements for the financial year ended 31 March 2015 were audited by another firm of auditors who expressed an unmodified opinion on those financial statements with an emphasis of matter on the Group's ability to continue as a going concern in its report dated 3 July 2015.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 8 July 2016

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2016

		The Group		The Company	
		2016	2015	**2016**	2015
	Note	**$'000**	$'000	**$'000**	$'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	5	**4,862**	5,137	**-**	*
Investment property	6	**57,176**	57,176	**-**	-
Investments in subsidiaries	7	**-**	-	**3,444**	2,444
Deferred tax assets	8	**14**	260	**-**	-
Other current assets	11	**858**	906	**-**	-
		62,910	63,479	**3,444**	2,444
Current Assets					
Inventories	9	**662**	729	**-**	-
Trade and other receivables	10	**407**	548	**3,521**	503
Amount due from non-controlling interest	18	**-**	4,906	**-**	-
Other current assets	11	**885**	566	**8**	8
Cash and bank balances	12	**867**	1,833	**79**	171
		2,821	8,582	**3,608**	682
Total assets		**65,731**	72,061	**7,052**	3,126
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	13	**4,818**	4,818	**4,818**	4,818
Reserves	14	**5,688**	9,534	**(3,005)**	(2,786)
Attributable to equity holders of the Company		**10,506**	14,352	**1,813**	2,032
Non-controlling interests	15	**19,493**	18,467	**-**	-
Total equity		**29,999**	32,819	**1,813**	2,032
Non-Current Liabilities					
Borrowings	16	**24,708**	22,283	**230**	517
Amount due to directors	18	**1,352**	1,296	**-**	-
Provision	20	**356**	282	**-**	-
		26,416	23,861	**230**	517
Current Liabilities					
Trade and other payables	17	**6,680**	7,207	**4,721**	308
Amount due to non-controlling interest	18	**24**	24	**-**	-
Borrowings	16	**2,268**	7,781	**288**	269
Current tax liabilities		**245**	202	**-**	-
Provision	20	**99**	167	**-**	-
		9,316	15,381	**5,009**	577
Total liabilities		**35,732**	39,242	**5,239**	1,094
Total equity and liabilities		**65,731**	72,061	**7,052**	3,126

** denotes amount less than $1,000*

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	**Year ended 31 March 2016 $'000**	Year ended 31 March 2015 $'000
Revenue	4	**13,482**	15,093
Other operating income	21	**716**	558
Purchases and related costs		**(477)**	(847)
Changes in inventories		**(67)**	34
Depreciation of property, plant and equipment		**(976)**	(1,214)
Staff costs	22	**(6,843)**	(7,560)
Operating lease expenses		**(4,480)**	(4,354)
Other operating expenses	23	**(3,744)**	(3,635)
Finance costs	24	**(723)**	(558)
Loss before income tax		**(3,112)**	(2,483)
Income tax expense	25	**(415)**	(258)
Loss for the year		**(3,527)**	(2,741)
Other comprehensive loss, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(8)**	59
Other comprehensive (loss)/income for the year, net of tax		**(8)**	59
Total comprehensive loss for the year		**(3,535)**	(2,682)
Loss attributable to:			
Equity holders of the Company		**(3,838)**	(3,268)
Non-controlling interest		**311**	527
		(3,527)	(2,741)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(3,846)**	(3,209)
Non-controlling interest		**311**	527
		(3,535)	(2,682)
Loss per share attributable to equity holders of the Company (Cents)			
- Basic loss per share	26	**(2.35)**	(2.00)
- Diluted loss per share	26	**(2.35)**	(2.00)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Share capital $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 April 2014	4,818	(927)	142	13,528	17,561	17,940	35,501
Loss for the year	-	-	-	(3,268)	(3,268)	527	(2,741)
Other comprehensive income for the year							
- Exchange differences on translation of foreign operations	-	-	59	-	59	-	59
Total comprehensive loss for the year	-	-	59	(3,268)	(3,209)	527	(2,682)
Non-controlling interest arising from acquisition and incorporation of new subsidiaries	-	-	-	-	-	*	*
Balance at 31 March 2015	4,818	(927)	201	10,260	14,352	18,467	32,819
Balance at 1 April 2015	4,818	(927)	201	10,260	14,352	18,467	32,819
Loss for the period	**-**	**-**	**-**	**(3,838)**	**(3,838)**	**311**	**(3,527)**
Other comprehensive income for the year							
- Exchange differences on translation of foreign operations	**-**	**-**	**(8)**	**-**	**(8)**	**-**	**(8)**
Total comprehensive loss for the year	**-**	**-**	**(8)**	**(3,838)**	**(3,846)**	**311**	**(3,535)**
Non-controlling interest arising from incorporation of a new subsidiary	**-**	**-**	**-**	**-**	**-**	**715**	**715**
Balance at 31 March 2016	**4,818**	**(927)**	**193**	**6,422**	**10,506**	**19,493**	**29,999**

* *denotes amount less than $1,000*

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	Year ended 31 March 2016 $'000	Year ended 31 March 2015 (restated) $'000
Cash Flows from Operating Activities			
Loss before taxation		**(3,112)**	(2,483)
Adjustments for:			
Depreciation of property, plant and equipment		**976**	1,214
Finance costs		**723**	558
Property, plant and equipment written off		**32**	*
Impairment of property, plant and equipment		**200**	-
Trade receivable written off		**-**	5
Interest income		**(1)**	(14)
Effect of foreign exchange rate changes		**22**	165
Operating profit before working capital changes		**(1,160)**	(555)
Changes in inventories		**67**	(34)
Changes in trade and other receivables		**(128)**	(150)
Changes in trade and other payables		**(523)**	1,713
Cash generated from operations		**(1,774)**	974
Income tax paid		**(145)**	(173)
Net cash generated from operating activities		**(1,889)**	801
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment		**(734)**	(442)
Non-controlling interest		**4,906**	(4,900)
Increased in fixed deposit		**-**	(15)
Interest received		**1**	14
Net cash used in investing activities		**4,173**	(5,343)
Cash Flows from Financing Activities			
Capital injection from non-controlling interest		**492**	-
Decrease in fixed deposit pledged		**-**	900
Proceeds from bank borrowings		**3,390**	7,050
Repayment of bank borrowings		**(6,260)**	(1,834)
Interest paid		**(723)**	(541)
Repayment of finance lease liabilities		**(184)**	(158)
Repayment to non-controlling interest		**-**	(150)
Directors		**56**	453
Net cash used in financing activities		**(3,229)**	5,720
Net increase in cash and cash equivalents		**(945)**	1,178
Cash and cash equivalents at beginning of year		**1,623**	438
Effects of foreign exchange on cash and cash equivalents		**7**	7
Cash and cash equivalents at end of year	**12**	**685**	1,623

* *denotes amount less than $1,000*

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

1 General information

The financial statements of Mary Chia Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2016 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company is incorporated as a limited liability company and domiciled in Singapore and listed on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office of the Company is located at 246 Macpherson Road #05-03/04 Betime Building, Singapore 348578.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

The ultimate controlling parties of the Company are Ms Mary Chia Ah Tow and Ms Ho Yow Ping (He YouPing).

2 Going concern

The financial statements have been prepared on a going concern basis. The Group incurred losses and total comprehensive loss of $3,527,000 and $3,535,000 and reported net operating cash outflows of $1,889,000 for the financial year ended 31 March 2016; and as at that date, the Group's and the Company's current liabilities exceeded the Group's and the Company's current assets by $6,495,000 and $1,401,000 respectively. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern and for its listing status to be maintained.

As at 31 March 2016, the Group's current liabilities included deferred revenue related to non-refundable payments received in advance from customers amounting to $1,966,000. Excluding this amount, the Group's current liabilities would have been $7,350,000 compared to current assets of $2,821,000 as at 31 March 2016.

As at 31 March 2016, the Company's current liabilities included amounts due to wholly-owned subsidiaries of $4,329,000. The directors of the Company have the power and authority to manage the payment obligations to the said wholly-owned subsidiaries if the need ever arises.

Notwithstanding the above, the directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 March 2016 is still appropriate after taking into consideration the following:

(a) The Group continues to implement measures to improve its services, increase its market competency and exposure in new businesses in order to improve its profitability and to generate positive cash flows from its operations. In this regard, management have prepared a cash flow projection, which shows the Group will have adequate working capital for its operations and to meet its obligations as and when they fall due in the next 12 months after the balance sheet date.

(b) The controlling shareholders, who are also directors of the Company, have given personal undertakings to provide continuing financial support to the Company and the Group to meet its liabilities and its normal operating expenses to be incurred. Further, as disclosed in Note 18 they will not demand repayment of the amounts due to them by the Group until at least after the next 12 months from the balance sheet date or until the cash flows of the Group permit, whichever is later.

2 Going concern (Cont'd)

Accordingly, the directors of the Company consider it is appropriate that these financial statements should be prepared on a going concern basis and do not include any adjustments that would be required should the Group and the Company fail to continue as a going concern.

3(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Accounting Standards Council ("ASC"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented to the nearest thousand ($'000) in Singapore dollars which is the Company's functional currency. All financial information is presented in Singapore dollars, unless otherwise stated.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS 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. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The critical accounting estimates and assumptions used and areas involving a high degree of judgement are described below.

Critical judgements in applying accounting policies

Probability of success of litigation case (Note 35)

A subsidiary of the Group is a defendant in a legal action brought against the Group by a joint venture partner for alleged breaches of the joint venture agreement. Further details are given in Note 35 to the financial statements.

Litigation is inherently unpredictable and the outcome of these matters cannot presently be determined. Although the Group's legal counsel believes that the Group has valid defences in this case, it could in the future incur judgments or enter into settlements of claims that could have a material adverse effect on its results of operations in any particular period.

3(a) Basis of preparation (Cont'd)

Critical judgements in applying accounting policies (Cont'd)

Income tax (Note 25)

The Group has exposure to income taxes in numerous 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. The carrying amount of the Group's tax payable as at 31 March 2016 was $245,000 (2015 - $202,000).

Key sources of estimation uncertainty

In addition to the going concern assumption disclosed in Note 2, the other key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimate on parameters available when the financial statements are prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumption when they occur.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of property, plant and equipment to be within 2 to 75 years. In particular, management estimates the useful lives of plant and equipment to be 2 to 12 years. The carrying amount of the Group's property, plant and equipment at the end of the reporting period is disclosed in Note 5 to the financial statements. The estimation of useful lives is based on assumptions about wear and tear, ageing, changes in demand and the Group's historical experience with similar assets. The Group performs annual reviews on whether the assumptions made on useful lives continue to be valid. As changes in the expected level of usage, maintenance programmes and technological developments could affect the economic useful lives and the residual values of these assets, future depreciation charges could be revised. If depreciation on the Group's property, plant and equipment increases/decreases by 10% from management's estimates, the Group's loss for the year will increase by $97,600 (2015: $121,400).

Impairment of property, plant and equipment

Property, plant and equipment are assessed at the end of each reporting period whether there is any indication of impairment. If any such indication exists, the recoverable amounts of the assets are estimated to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in profit or loss.

3(a) Basis of preparation (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Impairment of property, plant and equipment (Cont'd)

Significant judgement and estimates by management are required in the area of asset impairment, particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by its market value based on comparable assets or the net present value of future cash flows which are estimated based upon the continuing use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are extrapolated using a suitable growth rate and then discounted using an appropriate discount rate. Changing the assumptions selected by management to determine the level of impairment, including the growth rate and discount rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result may potentially affect the Group's results. The carrying amount of the Group's property, plant and equipment at the end of the reporting period, and the basis used to determine fair value less costs to sell or the assumptions used to estimate value in use as the recoverable amount, are disclosed in Note 5 to the financial statements.

Impairment of investments in subsidiaries

The Company assesses at the end of each reporting period whether there is any indication that the investments in subsidiaries may be impaired. If any indication exists, the investment in subsidiary is tested for impairment. The determination of the recoverable amount requires an estimation of the fair value less costs to sell of the underlying assets or the value in use of the cash-generating units. Estimating the fair value less costs to sell requires the Company to make an estimate of the expected selling prices of the underlying assets and the estimated cash outflows to settle the obligations in respect of the underlying liabilities. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the cash-generating units, a suitable growth rate to extrapolate the future cash flows, and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amounts of the Company's investments in subsidiaries at the end of the reporting period, and the basis used to determine fair value less costs to sell or the assumptions used to estimate value in use as the recoverable amount, are disclosed in Note 7 to the financial statements.

Impairment of loans and receivables

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's and the Company's loans and receivables at the end of the reporting period are disclosed in Note 10 to the financial statements. If the present value of estimated future cash flows decreases by 2% from management's estimates, the Group's and the Company's allowance for impairment of loans and receivables will increase/decrease by $58,000 (2015: $173,000) and $72,000 (2015: $13,000), respectively.

3(b) Interpretations and amendments to published standards effective in 2015

On 1 April 2015, the Group adopted the new or amended FRS that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS. This includes the following FRSs which are relevant to the Company and the Group.

Reference	Description
Amendments to FRS 19	Defined Benefit Plans: Employee Contributions
Improvements to FRSs (January 2014):	
- Amendment to FRS 16	Property, Plant and Equipment
- Amendment to FRS 24	Related Party Disclosures
- Amendments to FRS 108	Operating Segments
Improvements to FRSs (February 2014):	
- Amendment to FRS 40	Investment Property
- Amendment to FRS 113	Fair Value Measurement

The adoption of these amendments and improvements to FRSs, where relevant to the Company and the Group, did not result in substantial changes to the Company's and the Group's accounting policies or any significant impact on these financial statements.

Improvements to FRSs (January 2014): FRS 24 Related Party Disclosures - Key Management Personnel

The Improvements to FRSs (January 2014): FRS 24 Related Party Disclosures - Key Management Personnel clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The Improvements to FRSs (January 2014): FRS 24 Related Party Disclosures: Key Management Personnel are effective from annual periods beginning on or after 1 July 2014.

Improvements to FRS (January 2014): FRS 108 Operating Segments

The Improvements to FRSs (January 2014): FRS 108 Operating Segments clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly. In addition, the entity is required to disclose the judgements made by management in applying the aggregation criteria to operating segments. The Improvements to FRSs (January 2014): FRS 108 Operating Segments are effective from annual periods beginning on or after 1 July 2014.

Improvements to FRS (February 2014): FRS 40 Investment Property

FRS 40 Investment Property has been amended to clarify that an entity should assess whether an acquired property is an investment property under FRS 40 and perform a separate assessment under FRS 103 Business Combination to determine whether the acquisition of the investment property constitutes a business combination. The Company and the Group has no such acquisition of an investment property under FRS 103 during the financial year.

3(c) FRS not yet effective

The Accounting Standards Council announced on 29 May 2014 that Singapore-incorporated companies listed on the SGX-ST will apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for financial year ending 31 December 2018 onwards. Singapore-incorporated companies listed on the SGX-ST will have to assess the impact of IFRS 1: First-time adoption of IFRS when transitioning to the new reporting framework. The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

The following are the new or amended FRS and INT FRS issued that are not yet effective but may be early adopted for the current financial year.

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to FRS 1	Presentation of Financial Statements: Disclosure Initiative	1 January 2016
Amendments to FRS 7	Statement of Cash Flows: Disclosure Initiative	1 January 2017
Amendments to FRS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to FRS 27	Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 16 and FRS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 16 and FRS 41	Agriculture: Bearer Plants	1 January 2016
Amendments to FRS 28 and FRS 110	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to FRS 111	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 115	Clarifications to FRS 115: Revenue from Contracts with Customers	1 January 2018
FRS 109	Financial Instruments	1 January 2018
FRS 114	Regulatory Deferral Accounts	1 January 2016
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 116	Leases	1 January 2019
Improvements to FRSs (November 2014):		
- Amendment to FRS 19	Employee Benefits	1 January 2016
- Amendment to FRS 34	Interim Financial Reporting	1 January 2016
- Amendment to FRS 105	Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
- Amendments to FRS 107	Financial Instruments: Disclosures	1 January 2016

3(c) FRS not yet effective (Cont'd)

Management does not anticipate that the adoption of the above FRS in future periods will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption, except for the following:

Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*

Under Amendments to FRS 7, an entity would need to reconcile cash flows arising from financing activities as reported in the statement of cash flows, excluding contributed equity, to the corresponding liabilities in the opening and closing statements of financial position. Additional disclosures are also required about information that is relevant to an understanding of the liquidity of an entity. This includes any restrictions over the decisions of an entity to use cash and cash equivalent balances, e.g. any tax liabilities that would arise on repatriation of foreign cash and cash equivalent balances. The Group is currently assessing the impact and plans to adopt the amendments on the required effective date.

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

Under FRS 109, an investment in an equity instrument that does not have a quoted price in an active market for an identical instrument shall be measured at fair value at the date of initial application. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group applies FRS 109.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

FRS 115 Revenue Contracts from Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

3(d) Summary of significant accounting policies

The accounting policies used by the Group have been applied consistently to all periods presented in these financial statements.

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

<u>Subsidiary</u>

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the Group controls an investee if and only if the Group has all of the following:

(i) power over the investee;
(ii) exposure, or rights or variable returns from its involvement with the investee; and
(iii) the ability to use its power over the investee to affect its returns

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of the voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant authorities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

3(d) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

Non-controlling interest

Non-controlling interest represents the equity in subsidiary not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of profit or loss and other comprehensive income, and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in ownership interests in subsidiaries without change of control

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

Changes in ownership interests in subsidiaries resulting in loss of control

When the Group loses control of a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained; and
- Recognises any gain or loss in profit or loss.

A gain or loss is recognised in profit or loss and is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and
(ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRS).

The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under FRs 39 when applicable, the costs on initial recognition of an investment in an associate or a joint venture.

3(d) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill

The excess of the consideration transferred, the amount of any non-controlling interest in the acquire and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

Bargain purchase

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed utilising the straight-line method to write off the cost of these assets over their estimated useful lives as follows:

Leasehold property	75 years
Motor vehicles	5 years
Beauty, slimming and spa equipment	4 to 12 years
Renovations	5 years
Furniture and office equipment	2 to 5 years

3(d) Summary of significant accounting policies (Cont'd)

Property, plant and equipment (Cont'd)

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment that has been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting period as a change in estimates.

Investment properties

Investment property, principally comprising a 4-storey refurnished shop house, are held for long-term rental yields and are not occupied by the Group.

Investment properties are treated as non-current investments and are initially recognised at cost and subsequently carried at fair value, representing open market value determined on annual basis by independent professional valuers. Gross changes in fair values and the related tax impact are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal or retirement of an investment property, the difference between any disposal proceeds and the carrying amount is recognised in profit or loss.

3(d) Summary of significant accounting policies (Cont'd)

Investment properties (Cont'd)

Transfers

Transfers to, or from, investment properties are made when there is a change in use, evidenced by:

- commencement of owner occupation, for a transfer from investment properties to property, plant and equipment;
- commencement of development with a view to sell, for a transfer of investment properties to development properties; or
- end of owner occupation, for a transfer from property, plant and equipment to investment properties.

For transfer to investment property from development properties for sale, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is measured at revalued amount and accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

Subsidiaries

Subsidiaries are entities controlled by the Company. In the Company's separate statement of financial position, subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

Financial assets

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the end of the reporting period with the exception that a financial asset shall not be reclassified into or out of the fair value through profit or loss category while it is held or issued.

All financial assets are recognised on their trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3(d) Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

The Group does not hold any financial assets at fair value through profit or loss, held-to-maturity investments or available-for-sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Loans and receivables include trade and other receivables (excluding tax recoverable and prepayments) and cash and bank balances and fixed deposits. They are subsequently measured at amortised cost using the effective interest method, less allowance for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write-back is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis, and includes all costs in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank deposits with financial institutions which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents exclude cash restricted in use, and are presented net of bank overdrafts which are repayable on demand and which form an integral part of cash management.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3(d) Summary of significant accounting policies (Cont'd)

Financial liabilities

The Group's financial liabilities include bank borrowings and trade and other payables, excluding deferred revenue and goods and services tax payable.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance cost" in profit or loss. Financial liabilities are derecognised if the Group's obligation specified in the contract expire or are discharged or cancelled.

Financial liabilities are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Borrowings are recognised initially at the fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled more than 12 months after the end of the reporting period are included in current borrowings in the statement of financial position, if the loan facility agreements include an overriding repayment on demand clause, which gives the lender the right to demand repayment at any time, at its sole discretion and irrespective of whether a default event has occurred, or when the Group has defaulted or breached a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the borrowings become payable on demand, even if the lender agreed, after the reporting period and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. These borrowings are classified as current because, at the end of the reporting period, the Group does not have an unconditional right to defer its settlement for at least twelve months after that date.

However, those borrowings with breaches or defaults of loan agreement terms are classified as non-current if the lender agreed by the end of the reporting period to provide a period of grace ending at least twelve months after the reporting period, within which the Group can rectify the breach and/or during which the lender cannot demand immediate repayment. Other borrowings due to be settled more than 12 months after the end of the reporting period are included in non-current borrowings in the statement of financial position.

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see policy on finance leases).

3(d) Summary of significant accounting policies (Cont'd)

Financial liabilities (Cont'd)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of the time is recognised as finance costs.

Asset dismantlement, removal or reinstatement

The Group recognises the estimated costs of dismantlement, removal or reinstatement of items of property, plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration the time value of money.

Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and reinstatement costs are adjusted against the cost of the related property, plant and equipment, unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

Financial guarantees

The Company has issued corporate guarantees to financial institutions for the borrowings of certain subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the financial institutions if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts, if assessed to be material, are initially recognised at their fair value plus transaction costs in the statement of financial position.

Financial guarantee contracts are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless the Group has incurred an obligation to reimburse the financial institutions for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the financial institutions.

3(d) Summary of significant accounting policies (Cont'd)

Leases

Where the Group is the lessee

Finance leases

Where assets are financed by lease agreements that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at values equivalent to the lower of the fair values of the leased assets and the present value of the total minimum lease payments during the periods of the leases. The corresponding lease commitments are included under liabilities. The excess of lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease to give a constant effective rate of charge on the remaining balance of the obligation.

The leased assets are depreciated on a straight-line basis over their estimated useful lives as detailed in the accounting policy on "property, plant and equipment".

Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rentals on operating leases are charged to profit or loss on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, and contingent rents are recognised in profit or loss when incurred.

Where the Group is the lessor

Operating leases

Assets leased out under operating leases are included in investment properties and are stated at revalued amounts and not depreciated. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

3(d) Summary of significant accounting policies (Cont'd)

Income taxes (Cont'd)

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such deferred tax assets and liabilities are not recognised:

- Where the deferred tax arises from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss.
- In respect of temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.
- In respect of deductible temporary differences and carry forward of unutilised tax losses, if it is not probable that there will be sufficient taxable profits against which those deductible temporary differences and carry forward of unutilised tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity or on different tax entities provided the Group intends to settle its current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefit embodied in the investment property over time, rather than through sale.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at the date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

3(d) Summary of significant accounting policies (Cont'd)

Income taxes (Cont'd)

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in the accounting for the business combination.

Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as Central Provident Fund in Singapore and Employee's Provident Fund in Malaysia, on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

Related parties

A related party is defined as follows:

a) A person or a close member of that person's family is related to the Group and the Company if that person:

   (i) has control or joint control over the Company;

   (ii) has significant influence over the Company; or

   (iii) is a member of the key management personnel of the Group or the Company or of a parent of the Company.

3(d) Summary of significant accounting policies (Cont'd)

Related parties (Cont'd)

b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain management executives are considered key management personnel.

Impairment of non-financial assets

The carrying amounts of the Group's and the Company's non-financial assets subject to impairment are reviewed at end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

3(d) Summary of significant accounting policies (Cont'd)

Impairment of non-financial assets (Cont'd)

An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

An impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss is recognised as income in profit or loss. For revalued asset, a reversal is recognised as income in profit or loss to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss. Subsequent reversal of an impairment on a revalued asset is credited directly to equity.

Revenue recognition

Revenue for the Group comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of business, net of goods and services/value-added tax, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

<u>Sale of goods</u>

Revenue on the sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer. Revenue is not recognised to the extent there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

<u>Beauty, slimming and spa service treatments</u>

Revenue from beauty, slimming and spa treatments is recognised when services are rendered. Billed amounts for services which have not been rendered as at the balance sheet date is recognised as deferred revenue and included in trade and other payables.

<u>Interest income</u>

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

3(d) Summary of significant accounting policies (Cont'd)

Revenue recognition (Cont'd)

Rental income

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period using the effective interest method in which they are incurred.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss on a straight-line basis over the estimated useful life of the relevant asset.

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profit, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because of the articles of constitution of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Functional currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Company are presented in Singapore dollar, which is also the functional currency of the Company.

3(d) Summary of significant accounting policies (Cont'd)

Conversion of foreign currencies

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at that date.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing exchange rates at the balance sheet date are recognised in profit or loss, unless they arise from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the exchange rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing exchange rates at the balance sheet date;
- Income and expenses for each statements presenting profit and loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the accumulated exchange differences in respect of that foreign operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

3(d) Summary of significant accounting policies (Cont'd)

Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer ("CEO") to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Additional disclosures on each of these segments are shown in Note 31 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the financial period to acquire property, plant and equipment.

Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial period.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise any convertible bonds and warrants.

4 Revenue

Revenue for the Group represents net invoiced trading sales excluding inter-company transactions and applicable goods and services tax.

	2016	2015
	$'000	$'000
Sales of goods	**3,613**	4,114
Beauty, slimming and spa service treatments	**8,307**	9,411
Rental income	**1,562**	1,568
	13,482	15,093

5 Property, plant and equipment

The Group	Leasehold property $'000	Motor vehicles $'000	Beauty, slimming and spa equipment $'000	Renovations $'000	Furniture and office equipment $'000	Total $'000
Cost						
At 1 April 2014	3,268	219	3,747	4,584	1,977	13,795
Additions	-	130	216	86	191	623
Disposals/written off	-	-	-	-	*	*
Currency realignment	-	(3)	(37)	(61)	(12)	(113)
At 31 March 2015	3,268	346	3,926	4,609	2,156	14,305
Additions	**-**	**-**	**314**	**449**	**194**	**957**
Disposals/written off	**-**	**-**	**-**	**(209)**	**-**	**(209)**
Currency realignment	**-**	**(1)**	**(28)**	**8**	**(26)**	**(47)**
At 31 March 2016	**3,268**	**345**	**4,212**	**4,857**	**2,324**	**15,006**
Accumulated depreciation						
At 1 April 2014	-	186	2,813	3,460	1,571	8,030
Depreciation for the year	226	21	376	490	101	1,214
Disposals/written off	-	-	-	-	*	*
Currency realignment	-	(1)	(24)	(42)	(9)	(76)
At 31 March 2015	226	206	3,165	3,908	1,663	9,168
Depreciation for the year	**44**	**32**	**338**	**400**	**162**	**976**
Disposals/written off	**-**	**-**	**-**	**(177)**	**-**	**(177)**
Impairment losses recognised	**-**	**-**	**-**	**152**	**48**	**200**
Currency realignment	**-**	**(1)**	**(21)**	**9**	**(10)**	**(23)**
At 31 March 2016	**270**	**237**	**3,482**	**4,292**	**1,863**	**10,144**
Net book value						
At 31 March 2016	**2,998**	**108**	**730**	**565**	**461**	**4,862**
At 31 March 2015	3,042	140	761	701	493	5,137

** denotes amount less than $1,000*

5 **Property, plant and equipment (Cont'd)**

The Company	**Furniture and office equipment $'000**
Cost	
At 1 April 2014 and 31 March 2015	1
Additions	-
Disposals/Written off	-
Currency realignment	-
At 31 March 2016	**1**
Accumulated depreciation	
At 1 April 2014	1
Depreciation for the year	*
At 31 March 2015	1
Depreciation for the year	-
At 31 March 2016	**1**
Net book value	
At 31 March 2016	**-**
At 31 March 2015	*

* *denotes amount less than $1,000*

(a) The carrying amount of motor vehicles, beauty, slimming and spa equipment, renovation and furniture and office equipment held under finance lease arrangements (Note 16) for the Group as at 31 March 2016 amounted to $107,000 (2015: $140,000), $2,000 (2015: $73,000), $74,000 (2015: $175,000) and $3,000 (2015: $5,000), respectively.

(b) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $957,000 (2015: $ 623,000) of which Nil (2015: $181,000) was acquired by way of finance lease arrangement and $734,000 (2015: $442,000) by cash and $223,000 (2015: Nil) by way of capital contribution by an investor.

(c) The carrying amount of property, plant and equipment mortgaged to financial institutions to secure Amalgamated Term Loan and working capital loan comprise leasehold properties of $2,998,000 (2015: $3,042,000) (Note 16).

5 Property, plant and equipment (Cont'd)

Details of the leasehold property held by the Group as at 31 March 2016 is as follows:

Location	Tenure	Approximate floor area (sq m)	Use of property
48, 49, 50 Mosque Street Singapore 059526/27/28	99-year leasehold commencing 28 August 2002	257.6	Retail outlet

Impairment testing of property, plant and equipment

Management estimated the recoverable amount of a loss-making lifestyle and wellness treatment outlet based on value in use. The estimate of value in use was determined based on cash flow projections from formally approved financial budgets and forecasts covering a five-year period, and using a pre-tax discount rate of 7% and a nil terminal value growth rate. Impairment losses of $200,000 were recognised for the financial year ended 31 March 2016 as the recoverable amount of the outlet's property, plant and equipment was less than the carrying amount.

6 Investment property

The Group	2016 $'000	2015 $'000
At beginning of year	**57,176**	57,176
Fair value gain on investment property	**-**	-
At end of year	**57,176**	57,176

The fair value of the investment property is determined by an independent firm of professional valuers who has appropriate recognised professional qualification and recent experience in the location and category of the investment property being valued. The fair value is based on the market value, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. The valuation is based on a combination of direct comparison and income method.

Investment property is valued on a highest and best used basis. For the Group's investment property, the current use is considered to be the highest and best use.

6 Investment property (Cont'd)

Details of the determination of the fair value of the investment property is given in Note 34 to the financial statement.

The investment property is leased to a related party under operating leases. As at 31 March 2016, the investment property with a total carrying amount of $57,176,000 (2015: $57,176,000) was mortgaged to secure bank loans (Note 16).

The following amounts are recognised in the Group's profit or loss.

The Group	2015 $'000	2014 $'000
Rental income (Note 4)	**1,562**	1,568
Direct operating expenses	**(28)**	(21)
	1,534	1,547

All direct operating and other expenses arising from the investment property were borne, as per the rental agreement, by the related party of the Group.

The investment property held by the Group as at 31 March 2016 is as follows:

Description and location	Tenure	Approximate floor area (sq m)	Use of property
A 4-storey refurnished shophouse development with mezzanine floor comprising 84 hotel rooms 48, 49, 50 Mosque Street Singapore 059526/27/28	99 - year leasehold commencing 28 August 2002	1,883.0 *	Commercial

* Floor area excluded areas used for a retail outlet.

7 Investments in subsidiaries

The Company	2016 $'000	2015 $'000
<u>Unquoted equity investments, at cost</u>		
At beginning and end of year	**4,258**	3,258
<u>Allowance for impairment losses</u>		
At beginning of year	**814**	-
Allowance made	**-**	814
At end of year	**814**	814
Carrying amount	**3,444**	2,444

7 Investments in subsidiaries (Cont'd)

Impairment testing of investment in subsidiary

Management has performed an assessment of the recoverable amount of its investment in a subsidiary in view of the operating losses incurred by that subsidiary.

The recoverable amount of the investment was determined based on value in use. The value in use calculation was based on cash flow projections from formally approved financial budgets and forecasts covering a five-year period, and using a pre-tax discount rate of 7% (2015: 8%) and a terminal value growth rate of 2% from year sixth. The recoverable amount of the subsidiary was estimated to be higher than the carrying amount and no impairment was required. A reasonably possible change in key assumptions (1% increase in discount rate and 1% decrease in annual growth rate) would not cause the carrying amounts to exceed the recoverable amounts.

Details of investments in subsidiaries as at 31 March 2016 and 2015 are as follows:

Name	Country of incorporation/ principal place of business	Attributable equity interest of the Group		Principal activities
		2016	2015	
Held by the Company				
Mary Chia Beauty & Slimming Specialist Pte. Ltd. (1)	Singapore	**100**	100	Provision of lifestyle and wellness treatment services
Mary Chia Beauty & Slimming Specialist (Orchard) Pte. Ltd. (1)	Singapore	**100**	100	Provision of lifestyle and wellness treatment services
Urban Homme Face and Body Studio For Men Pte. Ltd.(1)	Singapore	**100**	100	Provision of lifestyle and wellness treatment services for men
Spa Menu Pte. Ltd. (1)	Singapore	**100**	100	Provision of lifestyle and wellness treatment services and retailing of lifestyle and wellness products

7 Investments in subsidiaries (Cont'd)

Details of investments in subsidiaries as at 31 March 2016 and 2015 are as follows: (Cont'd)

Name	Country of incorporation/ principal place of business	Attributable equity interest of the Group		Principal activities
		2016	2015	
Held by the Company				
MCU Trading Pte. Ltd. (1)	Singapore	**100**	100	General wholesale trading
Organica International Holdings Pte Ltd. (3)	Singapore	**100**	100	Investment holding
Hotel Culture Pte. Ltd. (1)	Singapore	**51**	51	Investment holding
MCU Holdings Sdn. Bhd. (2)	Malaysia	**100**	100	Provision of lifestyle and wellness treatment services

7 Investments in subsidiaries (Cont'd)

Name	Country of incorporation/ principal place of business	Attributable equity interest of the Group		Principal activities
		2016	2015	
<u>Held by Organica International Holdings Pte Ltd.</u>				
Organica International (M) Sdn Bhd [(2)]	Malaysia	**100**	100	Direct selling of skin care and health supplements
<u>Held by Mary Chia Beauty & Slimming Specialist Pte. Ltd.</u>				
Scinn Pte Ltd [(1)(4)]	Singapore	**70**	70	Clinic and other general medical services
MSB Beauty Pte Ltd [(5)]	Singapore	**51**	-	Provision of lifestyle and wellness treatment services

* *denotes amount less than $1,000*

(1) Audited by Foo Kon Tan LLP, principal member firm of HLB International in Singapore.
(2) Audited by HLB Ler Lum, member firm of HLB International in Malaysia.
(3) Audited by Acevision & Associations PAC.
(4) Shareholding transferred from the Company to Mary Chia Beauty & Slimming Specialist Pte Ltd in FY2016.
(5) A newly incorporated subsidiary in FY 2016. Audited by Foo Kon Tan LLP for consolidation purposes.

Summarised financial information in respect of Group subsidiaries that has a material non-controlling interest (NCI) is set out below:

Name of subsidiary	Country of incorporation/ principal place of business	Proportion of ownership interests and voting rights held by non-controlling interest		Profit allocated to non-controlling interest		Accumulated non-controlling interest	
		2016	2015	**2016**	2015	**FY2016**	FY2015
				$'000	$'000	**$'000**	$'000
Hotel Culture Pte Ltd	Singapore	**49%**	49%	**483**	527	**18,950**	18,467
Scinn Pte Ltd	Singapore	**30%**	-	**(121)**	-	**104**	-
MSB Beauty Pte Ltd	Singapore	**49%**	-	**(51)**	-	**439**	-

7 Investments in subsidiaries (Cont'd)

Summarised financial information in respect of Group subsidiaries that has a material non-controlling interest (NCI) is set out below. The summarised financial information represents amounts before inter-company eliminations.

	Hotel Culture Pte Ltd		Scinn Pte Ltd		MSB Beauty Pte Ltd		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	**2015**
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	**$'000**
Summarised statement of comprehensive income								
Revenue	1,804	1,811	311	-	-	-	2,115	1,811
Profit for the year & total comprehensive income	987	1,075	(406)	-	(104)	-	477	1,075
Profit for the year reprenenting total comprehensive income								
- attributable to equity holders of the company	503	548	(284)	-	(53)	-	166	548
- attributable to NCI	484	527	(122)	-	(51)	-	311	527
	987	1,075	(406)	-	(104)	-	477	1,075
Summarised statement of financial position								
Current								
Assets	4,576	6,550	172	-	663	-	5,411	6,550
Liabilities	(2,523)	(7,792)	(110)	-	(210)	-	(2,843)	(7,792)
Net Current Liabilities	2,053	(1,242)	62	-	453	-	2,568	(1,242)
Non-Current								
Assets	65,000	60,438	281	-	443	-	65,724	60,438
Liabilities	(24,326)	(21,509)	-	-	-	-	(24,326)	(21,509)
Net non-current liabilities	40,674	38,929	281	-	443	-	41,398	38,929
Equity attributable to equity holders of the company	23,777	19,220	240	-	456	-	24,473	19,220
Non-controlling interest	18,950	18,467	103	-	440	-	19,493	18,467
	42,727	37,687	343	-	896	-	43,966	37,687
Other summarised information								
Net cash inflow from operating activities	(2,739)	1,525	(366)	-	(90)	-	(3,195)	1,525
Net cash outflow from investing activities	-	(4,999)	(114)	-	(335)	-	(449)	(4,999)
Net cash inflow / (outflow) from financing activities	1,656	4,240	526	-	1,000	-	3,182	4,240
Net cash increase for the year	(1,083)	766	46	-	575	-	(462)	766

8 Deferred tax assets

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on different entities which intend to settle on a net basis, or realise the assets and liabilities simultaneously in the future. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	The Group		The Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Deferred tax assets	**14**	277	**-**	-
Deferred tax liabilities	**-**	(17)	**-**	-
	14	260	**-**	-

	The Group		The Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
At beginning of year	**260**	342	**-**	-
Recognised in profit or loss (Note 25)	**(228)**	(82)	**-**	-
Effect of currency translation difference	**(18)**	*		
At end of year	**14**	260	**-**	-

** denotes amount less than $1,000*

Deferred taxation is attributable to the following:

The Group	**Property, plant and equipment $'000**	**Unutilised tax losses $'000**	**Unabsorbed capital allowances $'000**	**Others $'000**	**Total $'000**
At 1 April 2014	11	321	3	7	342
Recognised in profit or loss (Note 25)	*	(115)	(3)	36	(82)
Effect of currency translation difference	1	9	*	(10)	*
At 31 March 2015	12	215	*	33	260
Recognised in profit or loss (Note 25)	**(8)**	**(189)**	**-**	**(31)**	**(228)**
Effect of currency translation difference	**(1)**	**(15)**	**-**	**(2)**	**(18)**
At 31 March 2016	**3**	**11**	**-**	*****	**14**

** denotes amount less than $1,000*

8 Deferred tax assets (Cont'd)

	The Group		The Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Deferred tax assets				
- To be recovered within one year	**-**	229	**-**	-
- To be recovered after one year	**14**	48	**-**	-
	14	277	**-**	-
Deferred tax liabilities				
- To be settled within one year	**-**	(17)	**-**	-
- To be settled after one year	**-**	-	**-**	-
	-	(17)	**-**	-
	14	260	**-**	-

9 Inventories

	2016	2015
The Group	**$'000**	$'000
Products held for sale, at cost	**662**	729

The costs of inventories recognised in cost of sales amounted to $458,000 (2015: $812,000) for the financial year ended 31 March 2016.

10 Trade and other receivables

	The Group		The Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Trade receivables	**317**	342	**3**	-
Allowance for impairment losses	**(18)**	(18)	**-**	-
	299	324	**3**	-
Other receivables:				
Goods and services tax receivable	**10**	6	**-**	-
Amounts due from subsidiaries (non-trade)	**-**	-	**3,691**	714
Sundry receivables	**138**	258	**-**	9
	148	264	**3,691**	723
Allowance for impairment losses	**(40)**	(40)	**(173)**	(220)
	108	224	**3,518**	503
	407	548	**3,521**	503

10 Trade and other receivables (Cont'd)

The movement in allowance for impairment losses in respect of receivables is as follows:

	The Group		The Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
At beginning of year	**58**	-	**220**	-
Allowance made	**-**	58	**-**	220
Allowance utilised	**-**	-	**(47)**	-
At end of year	**58**	58	**173**	220
Trade receivables	**18**	18	**-**	-
Other receivables	**40**	40	**173**	220
	58	58	**173**	220

Receivables that have been determined to be impaired at the end of the reporting period relate to debtors that are in financial difficulties or have defaulted on payments. These trade receivables are not secured by any collateral or credit enhancements.

The non-trade amounts due from subsidiaries, which represent advances to and payments on behalf of the subsidiaries, are unsecured, interest-free and repayable on demand.

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Singapore dollar	**365**	488	**3521**	503
Malaysia ringgit	**42**	60	**-**	-
	407	548	**3,521**	503

The Group generally extends credit period of 30 to 90 days (2015: 30 to 90 days) to customers for sales of goods, depending on the length of business relationship, payment history, background and financial strength of the customers. The Group actively reviews the trade receivable balances and follow up on outstanding debts with the customers.

10 Trade and other receivables (Cont'd)

The credit risk for trade receivables based on the information provided to key management is as follows:

The Group	**2016 $'000**	2015 $'000
By geographical area		
Singapore	**257**	266
Malaysia	**42**	58
	299	324

The ageing analysis of trade receivables is as follows:

The Group	**Gross 2016 $'000**	**Impairment losses 2016 $'000**	Gross 2015 $'000	Impairment losses 2015 $'000
Not past due	**89**	**-**	147	-
Past due 0 to 90 days	**45**	**-**	61	-
Past due 91 to 182 days	**65**	**-**	76	-
Past due 183 to 365 days	**58**	**-**	8	-
Past due over 365 days	**60**	**(18)**	49	(18)
	317	**(18)**	341	(18)

Except as disclosed, the Group believes that no further impairment allowance is necessary in respect of trade receivables pas due and not past due.

11 Other current assets

	The Group		The Company	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $000
Current				
Prepayments	**99**	94	**8**	8
Deposits	**786**	472	**-**	-
	885	566	**8**	8
Non-current				
Deposits	**858**	906	**-**	-

Deposits relates rental deposits paid for the group's offices and operating outlets. Determination of fair value of non-current deposits is disclosed in Note 34 to the financial statements.

12 Cash and bank balances

	The Group		The Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Cash and bank balances	**837**	1,803	**64**	156
Fixed deposits	**30**	30	**15**	15
	867	1,833	**79**	171

The fixed deposits at the balance sheet date have a maturity of approximately 3 – 8 months (2015: 3 – 8 months) from the end of the financial year and earned effective interest at the rate of approximately 0.25% - 0.45% (2015: 0.25% - 0.45%) per annum.

Cash and bank balances and fixed deposits are denominated in the following currencies:

	The Group		The Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Singapore dollar	**777**	1,520	**79**	171
Malaysian ringgit	**90**	313	**-**	-
	867	1,833	**79**	171

For the purpose of presenting the consolidated statement of cash flows, consolidated cash and cash equivalents comprise the following:

	2016	2015
The Group	**$'000**	$'000
Cash and bank balances as above	**837**	1,803
Bank overdraft (Note 19)	**(182)**	(210)
Fixed deposits	**30**	30
	685	1,623

13 Share capital

The Group and The Company	**2016**	2015	**2016**	2015
	Number of ordinary shares		**$'000**	$'000
Issued and fully paid with no par value				
At beginning and at end of year	**163,495,140**	163,495,140	**4,818**	4,818

The holders of ordinary shares are entitled to receive dividends as and when declared from time to time and are entitled to one vote per share at the meetings of the Company. All share rank equally with regard to the Company's residual assets.

14 Reserves

	The Group		The Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Merger reserve	**(927)**	(927)	**-**	**-**
Foreign currency translation reserve	**193**	201	**-**	**-**
Retained earnings/(accumulated losses)	**6,422**	10,260	**(3,005)**	**(2,786)**
	5,688	9,534	**(3,005)**	**(2,786)**

Merger reserve

Merger reserve represents the difference between the value of shares issued by the Company in exchange for the value of shares acquired in respect of the acquisition of subsidiaries accounted for under the pooling-of-interests method.

Foreign currency translation reserve

Foreign currency translation reserve arises from the translation of financial statements of foreign entities whose functional currencies are different from the Group's presentation currency.

15 Non-controlling interest

	2016	2015
The Group	**$'000**	$'000
Balance at beginning of year	**18,467**	17,940
Share of profit for the year	**311**	527
Incorporation of a new subsidiary	**715**	-
Balance at end of year	**19,493**	18,467

16 Borrowings

	The Group		The Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Non-current				
Obligations under finance leases (Note 16.1)	**152**	256	**-**	-
Loans from financial institutions (Note 16.2)	**24,556**	22,027	**230**	517
	24,708	22,283	**230**	517
Current				
Obligations under finance leases (Note 16.1)	**102**	187	**-**	-
Loans from financial institutions (Note 16.2)	**1,984**	7,384	**288**	269
Bank overdrafts (Note 19)	**182**	210	**-**	-
	2,268	7,781	**288**	269
	26,976	30,064	**518**	786

16 Borrowings (Cont'd)

Loans from financial institutions, bank overdrafts and bills payable are secured by the following:

(a) legal mortgage over the Group's leasehold property (Note 5);

(b) corporate guarantees by the Company.

16.1 Obligations under finance leases

The Group acquired certain property, plant and equipment under finance leases. These leases have no terms of renewal, purchase options and escalation clauses. The interest rate implicit in the leases ranges from 1.87% to 5.43% (2015: 3.26% to 7.12% per annum. Future minimum lease payments under the finance lease arrangements together with the present values of the net minimum lease payments are as follows:

	2016	2015
	$'000	$'000
The Group		
Minimum lease payments payable:		
No later than one year	**108**	203
Later than one year and not later than five years	**143**	249
Later than five years	**17**	22
	268	474
Less: Finance charges allocated to future years	**(14)**	(31)
Present value of minimum instalment payments	**254**	443
Present value of minimum instalment payments:		
No later than one year	**102**	187
Later than one year and not later than five years	**150**	235
Later than five years	**2**	21
	152	256
	254	443

Finance lease liabilities of the Group are secured by certain property, plant and equipment of the Group (see Note 5), joint and several personal guarantees from certain directors of the Company, namely Ms Mary Chia Ah Tow and Ms Ho Yow Ping (He YouPing) and corporate guarantee by the Company.

16 Borrowings (Cont'd)

16.2 Loans from financial institutions

The Group has obtained various loan facilities to finance its leasehold/investment property and working capital requirements. The details of the borrowings outstanding as at the balance sheet date are presented as follows:

	The Group		The Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Repayable:				
Current				
No later than one year	**1,984**	7,384	**288**	269
Non-current				
Later than one year and no later than five years	**6,915**	5,532	**230**	517
Later than five years	**17,641**	16,495	**-**	-
	24,556	22,027	**230**	517
	26,540	29,411	**518**	786

	The Group		The Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Current				
Term loan	**195**	269	288	269
Amalgamated term loan	**1,209**	1,214	-	-
Revolving working capital loan	**580**	5,901	-	-
	1,984	7,384	288	269
Non-Current				
Term loan	**4,202**	517	230	517
Amalgamated term loan	**20,354**	21,510	-	-
	24,556	22,027	230	517

16 Borrowings (Cont'd)

16.2 Loans from financial institutions (Cont'd)

Term loan

The term loan granted by the financial institution is for a period of 15-year term loan on a monthly repayable on monthly instalment. The loan carried an interest rate of 2.38% (2015: 3.50%) per annum and was secured with the legal mortgage over the investment / leasehold property of the Group (the "Property").

Amalgamated term loan

During the financial year, the Group has an existing Property Loan and Working Capital Loan that is on 16-year term loan ("Amalgamated Term Loan). The loan carries a range of interest rate of 2.03% to 2.38% per annum per the financial institution's prevailing Enterprise Base Rate. The amalgamated loan is secured by the following:-

1) A first legal mortgage over the investment / leasehold property of the Group (the"Property")

2) Existing fixed and floating charge on all real and personal properties situated at the Property, present of future, including book debts, goodwill and undertakings in connection with the operation of the Property as hotel dated 6 January 2010; and

3) Existing deed of proportionate guarantee from a non-controlling interest of a subsidiary and a corporate guarantee from the Company.

Revolving working capital loan

The loan facility for working capital carries an interest rate of 2% per annum and above the prevailing 3 month SIBOR rate (2015: 0.41% to 1.00%). The loan facility is repayable on monthly instalment. As at the balance sheet date, the Group has $580,000 (2015 - $5,900,000)

The current financial year's revolving loan is secured by the same terms of the property loan as mentioned above.

The borrowings are secured with joint and several personal guarantees from certain directors of the Company namely, Ms Mary Chia Ah Tow and Ms Ho Yow Ping (He YouPing) and a corporate guarantee from the Company.

16 Borrowings (Cont'd)

16.3 Carrying amounts and fair values

The carrying amounts of short-term borrowings approximate their fair values. The carrying amounts and fair values of borrowings at the end of the reporting period are as follows:

The Group	Carrying amount $'000	Fair value $'000
2016		
Obligations under finance leases	**254**	**250**
Loans from financial institutions	**26,540**	**26,535**
Bank overdraft	**182**	**182**
	26,976	**26,967**
2015		
Obligations under finance leases	443	431
Loans from financial institutions	29,411	29,350
Bank overdraft	210	210
	30,064	29,991

The Company	Carrying amount $'000	Fair value $'000
2016		
Loans from financial institutions	**518**	**503**
2015		
Loans from financial institutions	786	745

The fair values are determined from the discounted cash flow analyses, using the discount rates based upon the borrowing rates which the directors expect would be available to the Group and the Company at the end of the reporting period, as follows:

	The Group		The Company	
	2016 %	2015 %	**2016** %	2015 %
Obligations under finance leases	**4.8**	5.7	**-**	-
Loans from financial institutions	**2.2**	2.2	**3.5**	3.5

No adjustment has been made to fair values as the differences between the carrying amounts and fair values are not significant to the Group and the Company.

17 Trade and other payables

	The Group		The Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Trade payables – third parties	**166**	115	**-**	-
Amounts due to a subsidiary (non-trade)	**-**	-	**4,329**	*
Deferred revenue	**1,966**	3,225	**-**	-
Other payables	**2,561**	2,340	**241**	126
Goods and services tax payable	**55**	108	**-**	-
Deposits received	**254**	250	**-**	-
Accrued operating expenses	**1,678**	1,169	**151**	182
	6,680	7,207	**4,721**	308

** Denotes amount less than $1,000*

Deferred revenue

Deferred revenue represents services for beauty, slimming and spa treatments which have not been rendered as at the balance sheet date.

Other payables

Other payables mainly relate to amounts owing to suppliers for advertising expenditure, training cost, and professional fees owing by the Group as at the end of the balance sheet date.

Amounts due to a subsidiary (Non-trade)

Amounts due to a subsidiary are unsecured, interest free and repayable on demand.

Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Singapore dollar	**6,027**	793	**4,721**	308
Malaysian ringgit	**653**	6,414	**-**	-
	6,680	7,207	**4,721**	308

18 Amounts due to directors and due from / to non-controlling interest

Current

The amount due to non-controlling interest is non-trade in nature, unsecured, interest-free and repayable on demand.

The amount due from non-controlling interest which relates to a loan to the non-controlling interest is unsecured, bears interest at 2% per annum over and above the prevailing 3 months SIBOR rate. The loan amount of $4.9 million and together with interest of $6,000 have been fully repaid by the non-controlling interest in FY2016.

Non-current

Amounts due to directors

	The Group		The Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Loan advances	**663**	473	**-**	-
Accrued unpaid salaries	**689**	823	**-**	-
	1,352	1,296	**-**	-

The amounts due to directors are unsecured and interest-free. The directors namely Ms Mary Chia Ah Tow and Ms Ho Yow Ping (He YouPing) have given an undertaking not to demand repayment of the loan advances, and the accrued unpaid salary due to them by the Group until at least after the next 12 months from the balance sheet date or the cash flows of the Group permit, whichever is later.

As management does not expect repayments to be made for any of the foregoing amounts until at least after the next 12 months from the balance sheet date, the amounts due to directors have been accordingly reclassified under non-current liabilities.

19 Bank overdraft

Bank overdraft of the Group is secured by the following:

(i) Joint and several personal guarantees from certain directors of the Company namely, Ms Mary Chia Ah Tow and Ms Ho Yow Ping (He YouPing);

(ii) Corporate guarantee from the Company; and

(iii) Negative pledge over all assets of a subsidiary.

During the financial year, interest on bank overdraft was 8.85% (2015: 8.60%) per annum over the prevailing prime rate of the bank.

20 Provision

The Group	2016 $'000	2015 $'000
Balance at beginning of year	**449**	372
Allowances made during the year	**6**	77
Balance at end of year	**455**	449
Presented as:		
Current	**99**	167
Non-current	**356**	282
	455	449

The Group has recognised a provision for reinstatement costs in accordance with the lease agreement which requires the Group to reinstate the leased premises to its original condition at the end of the lease term. Provision for dismantlement, removal or reinstatement is the estimated costs of dismantlement, removal or reinstatement of property, plant and equipment arising from the acquisition or use of assets, which are capitalised and included in the cost of property, plant and equipment. The provision has not been discounted for the purpose of measuring the provision for reinstatement costs, because the effect is not material.

21 Other operating income

The Group	2016 $'000	2015 $'000
Interest income - fixed deposits	**1**	14
Government grants	**472**	310
Income from training	**90**	-
Insurance claim	**-**	207
Other income	**153**	27
	716	558

22 Staff costs

The Group	2016 $'000	2015 $'000
Salaries, wages, commissions and bonuses	**5,992**	6,706
Defined contribution plans	**543**	546
Foreign Worker Levy and Skill Development Levy	**274**	303
Other staff benefits	**34**	5
	6,843	7,560

23 Other operating expenses

The Group	**2016 $'000**	2015 $'000
Audit fees paid/payable to:		
- Auditors of the Company	**90**	148
- Other auditors	**13**	14
Advertising and marketing expenses	**904**	1,242
Bank charges	**250**	342
Impairment loss on plant and equipment	**200**	-
Consultation fee	**401**	-
Exhibition expenses	**137**	206
Foreign exchange loss	**3**	19
Internet and networking charges	**140**	147
Legal and professional fees	**153**	89
Property, plant and equipment written off	**32**	*
Recruitment expenses	**20**	25
Trade receivables written off	**-**	5
Utilities	**224**	280
Repair and maintenance expenses	**259**	230
Other operating expenses	**918**	888
	3,744	3,635

** Denotes amount less than $1,000*

24 Finance costs

The Group	**2016 $'000**	2015 $'000
Interest expenses:		
- Bank overdraft	**22**	20
- Borrowings	**685**	512
- Finance lease liabilities	**16**	26
	723	558

25 Income tax expense

	The Group	
	2016	2015
	$'000	$'000
Current taxation		
- current year	**187**	166
- under provision in respect of prior years	**-**	10
	187	176
Deferred taxation		
- origination and reversal of temporary differences	**228**	100
- over provision in respect of prior years	**-**	(18)
(Note 8)	**228**	82
Total taxation	**415**	258

Reconciliation of effective tax rate

	The Group	
	2016	2015
	$'000	$'000
Loss before taxation	**(3,112)**	(2,483)
Tax at statutory rate of 17% (2015:17%)	**(529)**	(422)
Effect of different tax rate of foreign subsidiaries	**(55)**	2
Tax effect on non-deductible expenses	**205**	166
Tax effect on non-taxable income	**(72)**	(79)
Singapore statutory stepped income exemption	**(26)**	(26)
Corporate Income Tax (CIT) Rebate	**(20)**	(30)
Deferred tax assets on current year's losses not recognised	**661**	704
Utilisation of deferred tax assets on temporary differences not recognised in prior years	**-**	(5)
Under provision of current taxation in respect of prior years	**-**	10
Over provision of deferred taxation in respect of prior years	**-**	(18)
Deferred tax assets derecognised	**261**	-
Utilisation of group relief	**(10)**	(44)
	415	258

25 Income tax expense (Cont'd)

As at the balance sheet date, the Group had estimated unutilised tax losses amounting to approximately $10,754,000 (2015: $6,864,000) that are available for offset against future taxable profits of those companies. The unutilised tax losses have no expiry dates. The use of these unutilised tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation. The deferred tax assets arising from these unutilised tax losses of approximately $1,828,000 (2015: $1,166,000) have not been recognised in the financial statements due to the uncertainty whether future taxable profits will be available against which the Group can utilise the benefits.

26 Loss per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2016	2015
The Group		
Loss attributable to equity holders of the Company ($'000)	**(3,838)**	(3,268)
Weighted average number of ordinary shares in issue for basic earnings per share	**163,495,140**	163,495,140
Basic and diluted earnings per share (cents)*	**(2.35)**	(2.00)

* The Company has no dilutive potential ordinary shares as at 31 March 2016 and 2015.

27 Significant related party transactions

27.1 Related party transactions

Other than as disclosed elsewhere in the financial statements, transactions with related parties based on terms agreed between parties are as follows:

The Group	**2016 $'000**	2015 $'000
With a related party		
Rental income from investment property	**1,562**	1,568

The related party refers to an entity in which a director of a subsidiary of the Group has an interest in.

27.2 Key management personnel compensations

The fees and remuneration of the directors of the Company, who are the key management personnel of the Group, are as follows:

The Group	**2016 $'000**	2015 $'000
Directors' fees	**93**	103
Salaries and other short term employee benefits	**720**	748
CPF contributions	**18**	19
	738	767

27.3 Transactions with non-controlling interest

In 2015, a subsidiary of the Group disbursed a loan of $4.9 million to its non-controlling interest. In 2016, the loan was fully repaid to the Group.

The non-controlling interest is also a director of the subsidiary and the spouse of Ms Ho Yow Ping (He YouPing), Chief Executive Officer. Further details of the loan are disclosed in Note 18.

28 Financial instruments

The carrying amounts of financial assets and financial liabilities at the reporting date by categories of FRS39 are as follows:

The Group	**Loans and receivables $'000**	**Financial liabilities (at amortised cost) $'000**	**Total $'000**
2016			
Financial assets			
Trade and other receivables#	**397**	**-**	**397**
Other assets	**1,644**	**-**	**1,644**
Cash and bank balances	**867**	**-**	**867**
	2,908	**-**	**2,908**
Financial liabilities			
Bank borrowings	**-**	**26,540**	**26,540**
Bank overdraft	**-**	**182**	**182**
Amount due to directors	**-**	**1,352**	**1,352**
Amount due to non-controlling interest	**-**	**24**	**24**
Trade and other payables*	**-**	**4,659**	**4,659**
	-	**32,757**	**32,757**

The Group	**Loans and receivables $'000**	**Financial liabilities (at amortised cost) $'000**	**Total $'000**
2015			
Financial assets			
Trade and other receivables#	542	-	542
Amount due from non-controlling interest	4,906	-	4,906
Other assets	1,378	-	1,378
Cash and bank balances	1,833	-	1,833
	8,659	-	8,659
Financial liabilities			
Bank borrowings	-	29,411	29,411
Bank overdraft	-	210	210
Amount due to directors	-	1,296	1,296
Amount due to non-controlling interest	-	24	24
Trade and other payables*	-	3,874	3,874
	-	34,815	34,815

Exclude goods and services tax receivable

* *Exclude deferred revenue and goods and services tax*

28 Financial instruments (Cont'd)

The Company	**Loans and receivables $'000**	**Financial liabilities (at amortised cost) $'000**	**Total $'000**
2016			
Financial assets			
Trade and other receivables	**3,521**	**-**	**3,521**
Cash and bank balances	**79**	**-**	**79**
	3,600	**-**	**3,600**
Financial liabilities			
Bank borrowings	**-**	**518**	**518**
Trade and other payables	**-**	**4,721**	**4,721**
	-	**5,239**	**5,239**

The Company	**Loans and receivables $'000**	**Financial liabilities (at amortised cost) $'000**	**Total $'000**
2015			
Financial assets			
Trade and other receivables	503	-	503
Cash and bank balances	171	-	171
	674	-	674
Financial liabilities			
Bank borrowings	-	786	786
Trade and other payables	-	308	308
	-	1,094	1,094

29 Commitments

Operating lease commitments

29.1 Where the Group is a lessee

The Group leases office premises and service outlets under non-cancellable operating leases. These leases have an average tenure of between one and three years with renewal option and contingent rent provision included in the contracts. The Group is required to pay either absolute fixed annual increase to the lease payments or contingent rents computed based on their sales achieved during the lease period. The Group is restricted from sub-leasing some of its service outlets.

29 Commitments (Cont'd)

Operating lease commitments (Cont'd)

29.1 Where the Group is a lessee (Cont'd)

The future aggregate minimum lease payable under the non-cancellable operating leases contracted as at the balance sheet date but not recognised as liabilities in the financial statements, are analysed as follows:

	The Group	
	2016	2015
	$'000	$'000
Not later than one year	**5,207**	3,848
Later than one year and not later than five years	**5,791**	3,716
Later than five years	**-**	-
	10,998	7,564

These operating leases expire between 2016 and 2019.

29.2 Where the Group is a lessor

The Group has entered into an operating lease on its investment property. This non-cancellable lease has remaining lease term of less than one year with contingent rent provision included in the contract. The Group receives an absolute fixed annual lease receipts and contingent rents computed based on the sales achieved by the lessee during the lease period. The lease includes a clause to enable upward revision of the rental charge on an annual basis based on the prevailing market conditions.

Contingent rent recognised as an income in profit or loss during the financial year amounted to $62,000 (2015: $68,000).

The future minimum rental receivable under the non-cancellable operating lease contracted as at the balance sheet date but not recognised as assets in the financial statements, are analysed as follows:

	The Group	
	2016	2015
	$'000	$'000
Not later than one year	**1,512**	1,728
Later than one year and not later than five years	**-**	1,512
Later than five years	**-**	-
	1,512	3,240

30 Corporate guarantees

The Company

As at 31 March 2016, the Company has corporate guarantees amounting to $10,745,000 (2015 - $12,989,000) issued to financial institutions for the finance lease acquired for a motor vehicle, and a beauty, slimming and spa equipment, property loan, working capital loans and credit card processing services of the Group's subsidiaries.

The fair value of these corporate guarantees is estimated to be insignificant as the subsidiaries have the ability to generate sufficient cash flows from their operations to finance their continuing operations and repay the borrowings.

31 Segment information

Reporting format

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 produced. 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 different markets.

Business segments

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 or services provided. The Group's reportable segments are as follows:-

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

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

Segment assets comprise of cash and bank balances, trade and other receivables, inventories, investment property, property, plant and equipment and other current assets. Segment assets exclude deferred tax assets.

Segment liabilities comprise primarily trade and other payables, specific borrowings, provisions and amounts due to directors and non-controlling interest which can be attributable to the specific segments. Segment liabilities exclude items such as general borrowings, general finance lease and current tax liabilities.

Geographical segments

The Group's geographical segments are based on the geographical location of the assets. Sales to external customers disclosed in geographical segments are attributed to geographic areas based on origins of the Group's customers.

31 Segments information (Cont'd)

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly tax expenses and provision for taxation. Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties.

(a) Business segments

(i) The following table presents revenue and results information regarding the Group's business segments for the years ended 31 March 2016 and 2015:

	Beauty, slimming and spa treatment for women		**Beauty, slimming and spa treatment for men**		**Investment holding**		**Total**	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue	**10,456**	11,963	**1,855**	2,207	**1,803**	1,811	**14,114**	15,981
Inter-segment revenue	**(391)**	(645)	**-**	-	**(241)**	(243)	**(632)**	(888)
Revenue from external customers	**10,065**	11,318	**1,855**	2,207	**1,562**	1,568	**13,482**	15,093
Adjusted EBITDA#	**(2,167)**	(1,108)	**(952)**	(828)	**1,706**	1,211	**(1,413)**	(725)
Other information:								
Other income	**619**	465	**52**	78	**44**	-	**715**	543
Interest income	**-**	14	**-**	-	**1**	-	**1**	14
Purchases and related costs	**(328)**	(709)	**(149)**	(138)	**-**	-	**(477)**	(847)
Staff costs	**(5,871)**	(6,505)	**(972)**	(1,055)	**-**	-	**(6,843)**	(7,560)
Changes in inventories	**(123)**	40	**56**	(6)	**-**	-	**(67)**	34
Depreciation of property, plant and equipment	**(771)**	(1,059)	**(162)**	(155)	**(43)**	*	**(976)**	(1,214)
Operating leases expenses	**(3,012)**	(2,954)	**(1,468)**	(1,399)	**-**	-	**(4,480)**	(4,353)
Other operating expenses	**(2,872)**	(3,084)	**(565)**	(488)	**(307)**	(63)	**(3,744)**	(3,635)
Finance costs	**(130)**	(56)	**(6)**	(5)	**(587)**	(497)	**(723)**	(558)
Loss before taxation							**(3,112)**	(2,483)
Income tax expense							**(415)**	(258)
Loss for the year							**(3,527)**	(2,741)

EBITDA = Earnings Before Interest, Tax, Depreciation and Amortisation

31 Segments information (Cont'd)

(a) Business segments (Cont'd)

(ii) The following table presents assets, liabilities and other segment information regarding the Group's business segments for the years ended 31 March 2016 and 2015:

	Beauty, slimming and spa treatment for women		**Beauty, slimming and spa treatment for men**		**Investment holding**		**Total**	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Assets and liabilities:								
Segment assets	**(5,361)**	7,443	**1,515**	928	**69,573**	63,430	**65,727**	71,801
Unallocated assets								
- Deferred tax assets							**14**	260
Total assets							**65,741**	72,061
Segment liabilities	**6,000**	7,912	**2,882**	1,063	**26,605**	30,065	**35,487**	39,040
Unallocated liabilities								
- Income tax payables							**245**	202
Total liabilities							**35,732**	39,242
Other segment information:								
Capital expenditure	**950**	384	**7**	239	**-**	-	**957**	623
Trade receivables written off	**-**	5	**-**	-	**-**	-	**-**	5
Depreciation of property, plant and equipment	**771**	1,059	**162**	155	**43**	*	**976**	1,214

* *denotes amount less than $1,000*

31 Segments information (Cont'd)

(b) Geographical segments

The following table presents revenue, capital expenditure and certain assets information regarding the Group's geographical segments for the years ended 31 March 2016 and 2015:

	Singapore		Malaysia		Total	
	2016	2015	**2016**	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Revenue - Sales to external customers	**11,310**	12,008	**2,172**	3,085	**13,482**	15,093
Non-current assets	**62,514**	62,873	**396**	606	**62,910**	63,479
Capital expenditure	**962**	536	**5**	87	**967**	623

The Group's non-current assets comprising property, plant and equipment are mainly located in Singapore.

Information about major customer

The Group did not derive any significant revenue from any single customer during the financial year except for the rental income of $1,562,000 (2015: $1,568,000) in the investment holding segment.

32 Financial risk management objectives and policies

The Group's activities exposed it to a variety of financial risks, including the effects of interest rate risk, credit risk, foreign currency risk and liquidity risk arising in the normal course of the Group's business. The Group's risk management policy seeks to minimise the potential adverse effects from these exposures. Management continuously monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors of the Company is responsible for setting the objectives, the underlying principles of financial risk management for the Group and the Company and establishing the policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits, in accordance with the objectives and underlying principles approved. The Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

The following section provide details regarding the Group's and Company's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk relates primarily to variable rate bank loans.

32 Financial risk management objectives and policies (Cont'd)

Cash flow sensitivity analysis for variable rate instruments

For the variable rate financial liabilities, 100 basis points ("bp") increase/decrease at the reporting date would have the impact as shown below. The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular foreign currency rates, remain constant.

	Increase/(Decrease) in loss before tax		**Increase/(Decrease) in equity**	
The Group	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
At 31 March 2016				
Bank loans	**221**	**(221)**	**(221)**	**221**
At 31 March 2015				
Bank loans	**286**	**(286)**	**(286)**	**286**

32 Financial risk management objectives and policies (Cont'd)

32.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables. For trade receivables, the Group adopts the practice of dealing only with those customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

The Group has established a credit policy under which the creditworthiness of each new customer is evaluated individually before the Group grants credit to the customer. Credit limits are established for each customer, which represents the maximum open amount without requiring approval from the directors. Payments will be required to be made upfront by customers which do not meet the Group's credit requirements.

Amounts due from customers are closely monitored and reviewed on a regular basis to identify any non-payment or delay in payment, and to understand the reasons, so that appropriate actions can be taken promptly. Through on-going credit monitoring and existing collection procedures in place, credit risk is mitigated substantially.

The Group evaluates whether there is any objective evidence that trade and other receivables are impaired, and determines the amount of impairment loss as a result of the inability of the debtors to make required payments. The Group bases the estimates on the ageing of the trade receivable balances, creditworthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than estimated.

Amount not paid after the credit period granted will be considered past due. The credit terms granted to customers are based on the Group's assessment of their creditworthiness and in accordance with the Group's policy.

In determining the recoverability of trade and other receivables, the Group considers any change in the credit quality of the trade and other receivables from the date credit was initially granted up to the end of the reporting period.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

32 Financial risk management objectives and policies (Cont'd)

32.1 Credit risk (Cont'd)

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Exposure to credit risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position.

Financial assets that are neither past due nor impaired

Cash and bank balances are mainly deposits placed with reputable banks. Trade and other receivables and deposits that are neither past due nor impaired are with customers with a good collection track records with the Group.

Financial assets that are past due and/or impaired

There is no other class of financial assets that are past due and/or impaired as at the balance sheet date except for trade and other receivables which is disclosed in Note 10 to the financial statements.

32.2 Liquidity risk

Liquidity or funding risk is the risk that the Group and the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's objective is to maintain a balance between continuity of funding and flexibility through amounts due to related parties, obligations under finance lease, cash and short-term deposits. To ensure the continuity of funding for the Group's operations, the Group obtains short-term funding from reputable financial institutions.

32 Financial risk management objectives and policies (Cont'd)

32.2 Liquidity risk (Cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows:

The Group	Carrying amount $'000	Contractual cash flows $'000	Less than 1 year $'000	Between 1 and 5 years $'000	More than 5 years $'000
2016					
Trade and other payables #	**4,659**	**4,659**	**4,659**	**-**	**-**
Amount due to directors and non-controlling interest	**1,376**	**1,376**	**24**	**1,352**	**-**
Finance lease liabilities	**254**	**268**	**115**	**136**	**17**
Bank loans	**26,540**	**31,350**	**2,598**	**8,907**	**19,845**
Bank overdraft	**182**	**182**	**182**	**-**	**-**
	33,011	**37,835**	**7,578**	**10,395**	**19,862**
2015					
Trade and other payables #	3,874	3,874	3,874	-	-
Amount due to directors and non-controlling interest	1,320	1,320	24	1,296	-
Finance lease liabilities	443	474	203	249	22
Bank loans	29,411	33,396	7,867	8,883	16,646
Bank overdraft	210	210	210	-	-
	35,258	39,274	12,178	10,428	16,668
The Company					
2016					
Trade and other payables	**4,721**	**4,721**	**4,721**	**-**	**-**
Borrowings	**518**	**549**	**313**	**236**	**-**
	5,239	**5,270**	**5,034**	**236**	**-**
2015					
Trade and other payables	308	308	308	-	-
Borrowings	786	862	302	560	-
	1,094	1,170	610	560	-

 # Exclude deferred revenue and goods and services tax

The Group has obtained written continuing financial support from one of the Company's controlling shareholders to meet its liabilities and normal operating expenses to be incurred.

32 Financial risk management objectives and policies (Cont'd)

32.2 Liquidity risk (Cont'd)

Corporate guarantees

The maximum amount the Company could be forced to settle under all the outstanding financial guarantee contracts if the full guaranteed amount is claimed by the counterparty to the guarantees is $10,745,000 (2015: $12,989,000) within one year. Based on expectations as at the balance sheet date, the directors of the Company consider that it is not probable that any amount will be payable under these guarantees.

32.3 Foreign Currency Risk

Foreign currency risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's and the Company's foreign currency exposure is not significant as majority of the entities of the Group and the Company operate mainly in Singapore. The foreign currency exposure arising from its Malaysia subsidiaries, which transacts mainly in Malaysian ringgit, is insignificant. Accordingly, no sensitivity analysis has been disclosed in the financial statements.

33 Capital management

The Group's capital management policy is to ensure that it maintains capital ratios with a view to optimise shareholders' value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payout to shareholders, return capital to shareholders or issue new shares.

Management monitors capital with reference to net debt to total capital ratio including the maintenance of the net worth of the Company and certain subsidiaries according to the financial covenants of the Group's borrowings (Note 16). The Group's strategies are to maintain a prudent balance between the advantage and flexibility afforded by a strong capital position and the higher return on equity that is possible with greater leverage.

The net debt to total capital ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, finance lease liabilities, bank overdraft, amounts due to directors and non-controlling interest plus trade and other payables less cash and bank balances. Total equity is calculated as share capital plus reserves and non-controlling interest. Total capital is calculated as total equity plus net debt.

33 Capital management (Cont'd)

The net debt to total capital ratio is calculated as follows:

The Group	**2016** **$'000**	2015 $'000
Net debt	**34,165**	36,758
Total equity	**29,999**	32,819
Total capital	**64,164**	69,577
Net debt to total capital ratio	**53%**	53%

The Group and the Company are in compliance with loan covenants attached to the loans during the financial years ended 31 March 2016 and 2015. Except as disclosed, the Group and the Company are not subject to any externally imposed capital requirement. There were also no changes in the Group's approach to capital management during the financial years ended 31 March 2016 and 2015.

34 Financial instruments

Fair value measurement

Definition of fair value

FRSs define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(c) Level 3 - Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

34 Financial instruments (Cont'd)

Fair value measurement (Cont'd)

Fair value measurement of non-financial assets

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis:

The Group	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 March 2016				
Investment property	**-**	**-**	**57,176**	**57,176**
31 March 2015				
Investment property	-	-	57,176	57,176

The management has assessed that the fair value of the investment property (Note 6) is based on the current market prices of properties in the vicinity ("direct comparison") which is checked against the income method. The fair value of this property is classified under Level 3 of the fair value hierarchy.

The corresponding figures relating to the financial statements for the year ended 31 March 2015 were audited by another firm of chartered accountants. As at 31 March 2015, the investment property was disclosed as under Level 2 of the fair value hierarchy, instead of Level 3. The comparative information as at 31 March 2015 has been reclassified to reflect the investment property as within Level 3 of the fair value hierarchy.

The reconciliation of the carrying amounts of non-financial assets – investment property is disclosed in Note 6 to the financial statements.

34 Financial instruments (Cont'd)

Fair value measurement (Cont'd)

Fair value measurement of non-financial assets (Cont'd)

Valuation technique and significant unobservable inputs

The following table shows the Group's valuation technique used in measuring the fair value of investment property, as well as the inter-relationship between significant unobservable inputs used and fair value measurement.

Valuation technique	**Inter-relationship between key unobservable inputs and fair value measurement**
The Group used the direct comparison method and the income method for its investment property. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment property. The income method takes into consideration the estimated net rent at a capitalisation rate applicable to the nature and type of asset in question. The discounted cash flows method considers the present value of net cash flows to be generated from the property.	The estimated fair value would increase (decrease) if Price per square meter was higher / (lower); Vacancy period was shorter / (longer); Operating expenses and property tax were lower / (higher); Discount rate was lower / (higher); Capitalisation rate was lower / (higher).

Fair value measurement of financial assets

The following summarises the significant methods and assumption used in estimating fair values of financial instruments of the Group.

Long-term financial assets and financial liabilities

The fair values of long term deposits, borrowings (Note 16.3) and finance lease liabilities (Note 16.3) are calculated based on discounted expected future principal and interest cash flows. The discount rates used are based on market rates for similar instruments as at the balance sheet date. The carrying amounts of these long term deposits, borrowings and finance lease liabilities approximate their fair values.

The amounts due to directors reclassified under non-current liabilities as disclosed in Note 18 approximate their fair value as management does not expect the amounts to be significantly different from the eventual repayments made. The management has assumed the repayments are not made until at least after the next twelve months from the balance sheet date.

34 Financial instruments (Cont'd)

Fair value measurement (Cont'd)

Fair value measurement of financial assets (Cont'd)

Other financial assets and financial liabilities

The carrying amounts of other financial assets and financial liabilities (trade and other receivables, trade and other payables, and amounts due from/(to) related companies and non-controlling interest) which have a maturity of less than one year approximate their fair value because of the short term period of maturity.

35 Events after the reporting period

Mary Chia Beauty & Slimming Specialist Pte Ltd ("MCBSS") has on 27th May 2016 received a notice from Slimming Beauty House Pte Ltd ("SBH") purporting to terminate the Joint Venture (the "Notice"). SBH has also served a notice on 27th May 2016 expressing its intent to commence arbitration against MCBSS for a sum of $3.8 million for alleged breaches of the joint venture agreement. Based on the advice of its legal counsel, MCBSS is defending against the claim. Based on a review of the matter and in the light of the advice of its legal counsel, the directors are of the view that SBH has no sustainable case against MCBSS.

Accordingly, no provision for loss has been made in the financial statements as the outcome of the alleged breaches cannot be ascertained.

36 Comparative information

The corresponding figures relating to the financial statements for the year ended 31 March 2015 were audited by another firm of chartered accountants.

Certain figures in the consolidated statement of cash flow for the year ended 31 March 2015 have been restated due to error.

	The Group	
	2015 As reported $'000	2015 As restated $'000
Cash flow from operating activities		
Interest income	(20)	(14)
Changes in trade and other receivables	(144)	(150)
Changes in trade and other payables	1,698	1,713
Net cash generated from operating activities	786	801
Cash and cash equivalents at end of year	1,608	1,623

STATISTICS OF SHAREHOLDINGS

AS AT 24 JUNE 2016

NO OF ISSUED AND FULLY PAID-UP SHARES	:	163,495,140
NO OF TREASURY SHARES	:	Nil
CLASS OF SHARES	:	Ordinary Shares
VOTING RIGHTS	:	1 Vote Per Share

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	160	26.53	158,100	0.10
1,001 - 10,000	157	26.04	1,071,000	0.65
10,001 - 1,000,000	279	46.27	18,813,900	11.51
1,000,001 & ABOVE	7	1.16	143,452,140	87.74
TOTAL	603	100.00	163,495,140	100.00

LIST OF TOP TWENTY SHAREHOLDERS AS AT 24 JUNE 2016

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	CHIA AH TOW MARY	99,707,046	60.99
2	HO YOW PING (HE YOUPING)	32,680,000	19.99
3	WONG MING KWONG	4,908,094	3.00
4	SEAH BOON LOCK	1,760,000	1.08
5	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,678,000	1.03
6	DBS NOMINEES PTE LTD	1,519,000	0.93
7	SHARAD PANDURANG VISHWASRAO	1,200,000	0.73
8	NG LEE CHEH	816,000	0.50
9	UOB KAY HIAN PTE LTD	627,000	0.38
10	OCBC SECURITIES PRIVATE LTD	515,000	0.32
11	WONG FOOK SHYANG	501,000	0.31
12	SIM LYE HUAT	470,000	0.29
13	EST OF LEOW SAU CHING HELENA, DECEASED	400,000	0.24
14	TEH KEE HONG	400,000	0.24
15	CITY LIFE ADVERTISING PTE LTD	357,000	0.22
16	THNG GEOK LAN	335,000	0.20
17	LEE LIAN CHOON	332,000	0.20
18	SHEN MAU SNG	330,000	0.20
19	PHUA KENG YANG	300,000	0.18
20	WONG LOKE TAN	292,000	0.18
		149,127,140	91.21

SUBSTANTIAL SHAREHOLDERS

As shown in the Register of Substantial Shareholders as at 24 June 2016

NAME OF SHAREHOLDERS	DIRECT INTEREST NO. OF SHARES	%	DEEMED INTEREST NO. OF SHARES	%
Chia Ah Tow Mary[1]	99,707,046	60.99	-	-
Ho Yow Ping (He YouPing)[1]	32,680,000	19.99	-	-

Notes:

(1) The Company's Chief Executive Officer, Ms Ho Yow Ping (He YouPing), is the daughter of the Company's Executive Chairman, Ms Chia Ah Tow Mary

PUBLIC FLOAT

Based on the information available to the Company as at 24 June 2016, approximately 19.02% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Mary Chia Holdings Limited (the "**Company**") will be held at SAFRA Toa Payoh, 293 Toa Payoh Lorong 6, Level 3, Function Room, Singapore 319387 on Thursday, 28 July 2016 at 9.00 a.m. to transact the following businesses:

AS ORDINARY BUSINESS:

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 March 2016 together with the Auditors' Report thereon. **Resolution 1**

2. To approve the payment of Directors' fees of $105,000 for the financial year ending 31 March 2017 (2016: $110,000.00). **Resolution 2**

3. To re-elect the following Directors of the Company, who are retiring by rotation pursuant to Regulation 98 of the Company's Constitution:-

   Ms Mary Chia Ah Tow **Resolution 3**

   Mr Yeung Koon Sang @ David Yeung **Resolution 4**

   Mr Yeung Koon Sang @ David Yeung will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and Remuneration Committee and a member of the Nominating Committee. He will be considered independent for the purposes of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

4. To re-appoint Messrs Foo Kon Tan LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **Resolution 5**

5. To transact any other ordinary business which may be properly transacted at an annual general meeting.

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution, with or without any modifications:-

6. **Authority to allot and issue shares in the capital of the Company (the "Share Issue Mandate")**

   "That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist Rules**"), the Directors of the Company be authorised and empowered to:

   (a) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) notwithstanding that the authority conferred by this Resolution may have ceased to be in force, issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution is in force,

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed one hundred per cent. (100%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below) or such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed, of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below) or such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed;

(2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares) at the time this Resolution is passed, after adjusting for:-

   (i) new Shares arising from the conversion or exercise of the convertible securities;

   (ii) new Shares arising from exercising of share options or vesting of share awards outstanding and/or subsisting at the time this Resolution is passed, provided that share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

   (iii) any subsequent bonus issue, consolidation or sub-division of Shares.

(3) in exercising the authority conferred by this Ordinary Resolution 6, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Catalist Rules for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution for the time being of the Company; and

(4) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law and the Catalist Rules to be held, whichever is the earlier."

[See Explanatory Note] **Resolution 6**

BY ORDER OF THE BOARD

Shirley Lim Guat Hua
Company Secretary

Singapore: 12 July 2016

Explanatory Note:

The Ordinary Resolution 6 proposed in item 6, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to allot and issue Shares and convertible securities in the Company, without seeking any further approval from shareholders in general meeting but within the limitation imposed by this Resolution, for such purposes as the Directors may consider would be in the best interests of the Company. The number of Shares and convertible securities that the Directors may allot and issue under this Resolution would not exceed one hundred per cent. (100%) of the total number of issued Shares (excluding treasury shares) at the time of the passing of this Resolution. For issue of Shares and convertible securities other than on a pro-rata basis to all shareholders, the aggregate number of Shares and convertible securities to be issued shall not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares) at the time of the passing of this Resolution.

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting may appoint not more than two proxies to attend and vote instead of him.

2. Where a member appoints two proxies, he shall specify the proportion of his shareholdings to be represented by each proxy in the instrument appointing the proxies.

3. Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the Annual General Meeting. Relevant intermediary is either:

   (a) A banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity.

   (b) A person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

   (c) The Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. If the member is a corporation, the instrument appointing the proxy must be executed under an officer or attorney duly authorised.

5. A proxy need not be a member of the Company.

6. The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 246 Macpherson Road, #05-03/04 Betime Building, Singapore 348578 not less than 48 hours before the time set for the Annual General Meeting.

PERSONAL DATA PRIVACY:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

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Mary Chia Holdings Limited
(Incorporated in the Republic of Singapore)
(Registration No: 200907634N)

IMPORTANT
1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than 2 proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy shares in Mary Chia Holdings Holdings Limited, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their CPF Approved Nominees if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notes to this Proxy Form.

PROXY FORM
ANNUAL GENERAL MEETING

I / We ________________________ NRIC/ Passport/ Co. Reg. No. ________________

of ____(Address)

being a member/members of Mary Chia Holdings Limited (the "Company"), hereby appoint

Name	**NRIC/Passport Number**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport Number**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting ("AGM") as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the AGM of the Company to be held at SAFRA Toa Payoh, 293 Toa Payoh Lorong 6, Level 3, Function Room, Singapore 319387 on Thursday, 28 July 2016 at 9.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick "√" within the box provided)

No.	**Resolutions relating to:**	**For**	**Against**
	Ordinary Business		
1	Adoption of Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 March 2016 together with the Auditors' Report		
2	Approval of Directors' fees of $105,000 for the financial year ending 31 March 2017 (2016: $110,000.00)		
3	Re-election of Ms Mary Chia Ah Tow as a Director of the Company		
4	Re-election of Mr Yeung Koon Sang @ David Yeung as a Director of the Company		
5	Re-appointment of Messrs Foo Kon Tan LLP as Auditors of the Company and to authorise Directors to fix their remuneration		
	Special Business		
6	Authority to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore		

Dated this ____________ day of ______________ 2016

Total No. of Shares held

____
Signature(s) of member(s) or common seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholdings concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary means:

   (i) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity.

   (ii) A person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

   (iii) The Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation."

3. A proxy need not be a member of the Company.

4. Where a member appoints more than one proxy, the member must specify the proportion of shareholdings to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100% of the shareholdings of his/her appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 246 Macpherson Road, #05-03/04 Betime Building, Singapore 348578 not less than 48 hours before the time appointed for holding the Annual General Meeting.

6. Completion and return of the instrument appointing a proxy or proxies by a member shall not preclude him from attending and voting at the Annual General Meeting if he so wishes. Any appointment of a proxy or proxies by a member shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to admit any person or persons appointed under the instrument of proxy to the Annual General Meeting.

7. The instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorized. A corporation which is a member may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting.

8. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

9. The Company shall be entitled to reject an instrument of proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 July 2016.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Mary Chia Ah Tow *(Executive Chairman)*
Ho Yow Ping *(He YouPing) (CEO)*
Yeung Koon Sang @ David Yeung *(Independent Director)*
Pao Kiew Tee *(Independent Director)*
Chia Chor Leong *(Independent Director)*

COMPANY SECRETARY
Shirley Lim Guat Hua, ACIS

REGISTERED OFFICE
246 Macpherson Road
#05-03/04 Betime Building
Singapore 348578
Tel: (65) 6252 9651
Fax: (65) 6255 6862
www.marychia.com

SHARE REGISTRAR
B.A.C.S Private Limited
8 Robinson Road #03-00
ASO Building
Singapore 048544

SPONSOR
PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

AUDITORS
Foo Kon Tan LLP
Public Accountants and Chartered Accountants
47 Hill Street #05-01
Singapore Chinese Chamber of Commerce & Industry Building
Singapore 179365

Partner-in-charge: Mr Toh Kim Teck
(Appointed from the financial year ended 31 March 2016)

MARY CHIA
HOLDINGS LIMITED

CORPORATE OFFICE (SINGAPORE)
- **Betime Building** 62529651 246 Macpherson Road, #05-03/04, Singapore 348578

MARY CHIA LIFESTYLE & WELLNESS CENTRES (SINGAPORE) **HOTLINE: 1800-250-2001**
- **Century Square Shopping Centre** 67866188 2 Tampines Central 5, #05-01/04, Singapore 529509
- **Jurong Point Shopping Centre** 67930166 63 Jurong West Central 3, #B1-100/102, Singapore 648331
- **NEX** 62866616 23 Serangoon Central, #04-47/48, Singapore 556083
- **Novena** 62507949 183/185 Thomson Road, Goldhill Centre, Singapore 307628
- **Parkway Parade** 63442866 80 Marine Parade Road, #05-15/16, Singapore 449269
- **The Clementi Mall** 66591161 3155 Commonwealth Avenue West, #03-01/02, Singapore 129588

MARY CHIA LIFESTYLE & WELLNESS CENTRES (MALAYSIA) **HOTLINE: 1700 80 0661**
- **Mid Valley City** +6016 713 1664 Unit 53-1, 1st Floor, The Boulevard, Lingkaran Syed Putra, 59200 Kuala Lumpur
- **1Utama Shopping Centre** +6016 710 1664 Lot S117E, 2nd Floor, 1 Lebuh Bandar Utama, Bandar Utama City Centre, 47800 Petaling Jaya, Selangor
- **Plaza Pelangi** +6016 702 1664 Lot No 1.19A, Level 1, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru
- **Sunway Pyramid** +6016 920 1664 Lot LG2, 122C, Lower Ground 2, 3 Jalan PJS 11/15, Bandar Sunway, 46150 Petaling Jaya, Selangor
- **Sutera Mall** +6016 229 1664 Jalan Sutera Tanjung 8/4, L3-032, Taman Sutera Utama, 81300 Skudai, Johor
- **Tropicana City Mall** +6016 228 1664 Lot L2-31/32, 2nd Floor, Jalan SS 20/27, 47400 Petaling Jaya, Selangor

www.marychia.com

URBAN HOMME LIFESTYLE & WELLNESS CENTRES (SINGAPORE) **HOTLINE: 1800-250-2001**
- **Century Square Shopping Centre** 64816166 2 Tampines Central 5, #05-01/04, Singapore 529509
- **Jurong Point Shopping Centre** 63160166 63 Jurong West Central 3, #B1-103, Singapore 648331
- **NEX** 62846166 23 Serangoon Central, #04-47/48, Singapore 556083
- **Parkway Parade** 63446166 80 Marine Parade Road, #05-15/16, Singapore 449269
- **The Clementi Mall** 65706626 3155 Commonwealth Avenue West, #03-03, Singapore 129588

www.urbanhommeformen.com

LPG ENDERMOSPA LIFESTYLE & WELLNESS CENTRE (SINGAPORE)
- **Ngee Ann City** 67346626 391B Orchard Road, #05-22A, Tower B, Singapore 238872

sg.endermospa.com

MASEGO LIFESTYLE & WELLNESS CENTRE (SINGAPORE)
- **SAFRA Jurong** 67901661 333 Boon Lay Way, #4A-01 (Level 3), Leisure Wing, Singapore 649848

www.masego.com.sg

HUANG AH MA LIFESTYLE & WELLNESS CENTRE (SINGAPORE)
- **Porcelain Hotel** 65361661 50 Mosque Street, Singapore 059528

www.huangahma.com

GO60 LIFESTYLE & WELLNESS CENTRE (SINGAPORE)
- **Esplanade Xchange** 63380660 90 Bras Basah Road, #B1-24, Singapore 189562

www.go60.sg

SCINN MEDICAL CENTRE (SINGAPORE)
- **Ngee Ann City** 62358066 391B Orchard Road, #05-22, Tower B, Singapore 238872

www.scinn.sg

MCU BEAUTITUDES LIFESTYLE & WELLNESS CENTRE (MALAYSIA)
- **Sunway Pyramid** +6016 920 4522 Lot LG2, 122A, Lower Ground 2, 3 Jalan PJS 11/15, Bandar Sunway, 46150 Petaling Jaya, Selangor

www.mcubeautitudes.com