



SK Jewellery Group Limited

(Company Registration No.: 201214694Z)

(Incorporated in the Republic of Singapore on 13 June 2012)

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

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

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

CONSOLIDATED / COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group Unaudited					
	Q3-2018 S\$'000	Q3-2017 S\$'000	Change %	9M-2018 S\$'000	9M-2017 S\$'000	Change %
Revenue	60,658	38,693	56.8%	147,873	117,788	25.5%
Other gains	364	226	61.1%	1,589	915	73.7%
Material costs	(45,345)	(25,003)	81.4%	(100,774)	(74,329)	35.6%
Employee benefits expense	(5,014)	(4,600)	9.0%	(15,217)	(14,173)	7.4%
Depreciation and amortisation expense	(1,131)	(1,010)	12.0%	(3,347)	(2,966)	12.9%
Other losses	(211)	-	N.M.	(483)	(40)	1,107.5%
Finance costs	(280)	(392)	(28.6%)	(968)	(1,143)	(15.3%)
Other expenses	(7,551)	(7,073)	6.8%	(23,461)	(22,279)	5.3%
Share of results of associates	(164)	-	N.M.	(164)	-	N.M.
Profit before tax	1,326	841	57.7%	5,048	3,773	33.8%
Income tax expense	(236)	(301)	(21.6%)	(1,254)	(1,070)	17.2%
Profit, net of tax	1,090	540	101.9%	3,794	2,703	40.4%
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations, net of tax	(235)	6	N.M.	(5)	(10)	(50.0%)
Other comprehensive income for the period, net of tax	(235)	6	N.M.	(5)	(10)	(50.0%)
Total comprehensive income	855	546	56.6%	3,789	2,693	40.7%
Attributable to:						
Equity holders of the Company	1,090	560	94.6%	3,658	2,789	31.2%
Non-controlling interest	-	(20)	N.M.	136	(86)	N.M.
Profit, net of tax	1,090	540	101.9%	3,794	2,703	40.4%
Attributable to:						
Equity holders of the Company	855	566	51.1%	3,653	2,779	31.5%
Non-controlling interest	-	(20)	N.M.	136	(86)	N.M.
Total comprehensive income	855	546	56.6%	3,789	2,693	40.7%

N.M.: Not meaningful

1(a)(ii) Notes to consolidated / combined statements of profit or loss and other comprehensive income

The Group's profit before tax was arrived at after crediting/(charging) the following:

	Group Unaudited					
	Q3-2018 S\$'000	Q3-2017 S\$'000	Change %	9M-2018 S\$'000	9M-2017 S\$'000	Change %
Central support service income	78	50	56.0%	177	149	18.8%
Depreciation and amortisation expenses	(1,131)	(1,010)	12.0%	(3,347)	(2,966)	12.9%
Finance costs	(280)	(392)	(28.6%)	(968)	(1,143)	(15.3%)
Foreign exchange adjustment gains/(losses)	(180)	75	N.M.	(98)	344	N.M.
Share of results of associates	(164)	-	N.M.	(164)	-	N.M.
Government grants	-	-	-	207	159	30.2%
Goodwill write off	-	-	-	(339)	-	N.M.
Interest income	7	19	(63.2%)	30	54	(44.4%)
Fair value gain on derivative financial instruments	-	-	-	447	-	N.M.
Loss on disposal of property, plant and equipment	(31)	-	N.M.	(46)	(40)	15.0%
Miscellaneous income	62	25	148.0%	84	42	100.0%
Rental income	224	76	194.7%	674	221	205.0%

NM: Not meaningful

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

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	Unaudited As at 30 September 2018 S\$'000	Audited As at 31 December 2017 S\$'000	Unaudited As at 30 September 2018 S\$'000	Audited As at 31 December 2017 S\$'000
Assets				
<u>Non-current assets</u>				
Property, plant and equipment	32,211	33,136	-	-
Investment in subsidiaries	-	-	11,502	11,502
Investment in associates	343	2	-	-
Deferred tax assets	272	272	-	-
Other financial assets	30	30	-	-
Intangible assets	276	276	-	-
Other assets (land use rights)	5,156	5,321	-	-
Total non-current assets	38,288	39,037	11,502	11,502
<u>Current assets</u>				
Inventories	54,528	57,762	-	-
Trade and other receivables	2,151	2,095	32,112	30,145
Other assets (land use rights)	219	219	-	-
Other assets	9,241	10,100	67	92
Income tax receivables	-	208	-	-
Derivatives financial assets	338	-	-	-
Cash and cash equivalents	21,267	31,263	2,541	7,048
Total current assets	87,744	101,647	34,720	37,285
Total assets	126,032	140,684	46,222	48,787
Equity and liabilities				
<u>Equity</u>				
Share capital	42,399	42,399	42,399	42,399
Retained earnings	17,425	16,580	3,287	5,627
Other reserves	(775)	(770)	-	-
Equity attributable to owners of the Company	59,049	58,209	45,686	48,026
Non-controlling interest	351	215	-	-
Total equity	59,400	58,424	45,686	48,026
<u>Non-current liabilities</u>				
Deferred tax liabilities	126	126	-	-
Other financial liabilities	21,445	29,419	-	-
Other liabilities	968	984	-	-
Total non-current liabilities	22,539	30,529	-	-
<u>Current liabilities</u>				
Income tax payable	939	1,399	127	121
Trade and other payables	12,187	13,859	409	640
Other financial liabilities	20,696	22,072	-	-
Derivatives financial liabilities	-	109	-	-
Other liabilities	10,271	14,292	-	-
Total current liabilities	44,093	51,731	536	761
Total liabilities	66,632	82,260	536	761
Total equity and liabilities	126,032	140,684	46,222	48,787

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

Amount repayable by the Group in one year or less, or on demand

As at 30 September 2018		As at 31 December 2017	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
16,491	4,205	17,117	4,955

Amount repayable by the Group after one year

As at 30 September 2018		As at 31 December 2017	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
21,445	-	22,247	7,172

Details of collaterals

The Group's credit facilities are secured by one or several of, *inter alia*,

- (a) Corporate guarantees from the Company;
- (b) Assignment of, *inter alia*, all rights, title, interests and benefits arising out of the building agreement in respect of the Group's land located at Changi Business Park (the "**Changi Business Park Land**"); and
- (c) Assignment of, *inter alia*, all rights, title, interests and benefits arising out of all present and future leases of any units or part thereof of the Group's building located on the Changi Business Park Land (the "**Changi Business Park Headquarters**").

The Group's hire purchase facilities are secured against the respective motor vehicles.

The Group's unsecured credit facilities comprise (a) the loans extended by the Company's Non-Executive Chairman, Dato' Sri Dr. Lim Yong Guan, and the Company's Executive Directors, Mr. Lim Yong Sheng and Mdm. Lim Liang Eng, pursuant to the loan agreements dated 1 June 2015 (the "**Directors' Loans**") and (b) a loan of S\$1.20 million to the Company's 70%-owned subsidiary, SK Bullion Pte Ltd, from its minority shareholders.

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

CONSOLIDATED / COMBINED STATEMENTS OF CASH FLOWS

	Unaudited			
	Q3-2018 S\$'000	Q3-2017 S\$'000	9M-2018 S\$'000	9M-2017 S\$'000
<u>Cash flows from operating activities</u>				
Profit before tax	1,326	841	5,048	3,773
Adjustments for:				
Depreciation of property, plant and equipment	1,157	954	3,264	2,801
Amortisation of land use rights	56	56	165	165
Interest expense	280	392	968	1,143
Interest income	(7)	(19)	(30)	(54)
Fair value gain on derivatives financial instruments	-	-	(447)	-
Loss on disposal of property, plant and equipment	31	-	46	40
Share of results of associates	(164)	-	(164)	-
Net effect of foreign exchange rate changes in consolidating foreign subsidiaries	(9)	6	29	(108)
Operating cash flows before changes in working capital	2,670	2,230	8,879	7,760
Inventories	2,975	(980)	3,234	3,434
Trade and other receivables	(647)	(599)	(57)	624
Other assets	1,339	(461)	1,235	(1,062)
Trade and other payables	(874)	(332)	(1,669)	(6,467)
Other liabilities	(5,112)	215	(4,038)	(548)
Net cash flows from operations	351	73	7,584	3,741
Income taxes paid	(641)	(1,129)	(1,724)	(2,243)
Net cash flows (used in) / from operating activities	(290)	(1,056)	5,860	1,498
<u>Cash flows from investing activities</u>				
Purchase of property, plant and equipment	(1,098)	(751)	(2,405)	(3,080)
Acquisition of associates	-	-	(504)	-
Share of results of associates	164	-	164	-
Interest received	7	19	30	54
Net cash flows used in investing activities	(927)	(732)	(2,715)	(3,026)
<u>Cash flows from financing activities</u>				
Decrease in borrowings	(233)	(322)	(1,378)	(2,103)
Decrease in other financial liabilities	(17)	-	(54)	-
Finance lease repayments	-	9	(6)	(22)
Net movement in amounts due to directors	(3,018)	(909)	(7,922)	(2,732)
Interest paid	(280)	(392)	(968)	(1,143)
Dividend paid	-	-	(2,813)	(2,813)
Net cash flows used in financing activities	(3,548)	(1,614)	(13,141)	(8,813)
<u>Net decrease in cash and cash equivalents</u>	(4,765)	(3,402)	(9,996)	(10,341)
Cash and cash equivalents, statement of cash flows, beginning balance	26,032	20,549	31,263	27,488
Cash and cash equivalents, statement of cash flows, ending balance	21,267	17,147	21,267	17,147

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

STATEMENTS OF CHANGES IN EQUITY

Group	Share Capital	Retained Earnings	Other reserves	Attributable to Owners	Non-Controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2018	42,399	16,580	(770)	58,209	215	58,424
Dividends paid	-	(2,813)	-	(2,813)	-	(2,813)
Total comprehensive income for the period	-	3,658	(5)	3,653	136	3,784
Balance as at 30 September 2018	42,399	17,425	(775)	59,049	351	59,400
Balance as at 1 January 2017	42,399	11,986	(954)	53,431	320	53,751
Dividends paid	-	(2,813)	-	(2,813)	-	(2,813)
Total comprehensive income for the period	-	2,789	(10)	2,779	(86)	2,693
Balance as at 30 September 2017	42,399	11,962	(964)	53,397	234	53,631

Company	Share Capital	Retained Earnings	Total Equity
	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2018	42,399	5,627	48,026
Dividends paid	-	(2,813)	(2,813)
Total comprehensive income for the period	-	473	473
Balance as at 30 September 2018	42,399	3,287	45,686
Balance as at 1 January 2017	42,399	4,748	47,147
Dividends paid	-	(2,813)	(2,813)
Total comprehensive income for the period	-	553	553
Balance as at 30 September 2017	42,399	2,488	44,887

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

CHANGES IN ISSUED AND PAID-UP SHARE CAPITAL

	Company	
	Number of shares	Issued and paid-up share capital S\$
Issued and fully paid-up share capital Balance as at 30 September 2018	562,500,000	42,398,917

During Q3-2018 and 9M-2018, there were no changes in the Company’s issued and paid-up share capital.

There were no outstanding convertibles, shares held as treasury shares, or subsidiary holdings as at 30 September 2018 and 30 September 2017.

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

	As at 30 September 2018	As at 31 December 2017
Total number of issued shares (excluding treasury shares)	562,500,000	562,500,000

The Company has no treasury shares or securities convertible into shares that were outstanding as at 30 September 2018 and 31 December 2017.

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury share as at the end of the current financial period reported on.

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

1(d)(v) A statement showing all sales, transfers, disposals, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

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

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

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for Q3-2018 and 9M-2018 as its most recently audited consolidated financial statements for the financial year ended 31 December 2017 ("FY2017").

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

The Group has adopted the new or revised Financial Reporting Standards ("FRS") which are relevant to the Group with effect from 1 January 2018. Other than the adoption of new standards that are effective 1 January 2018, the Group has adopted the new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)") on 1 January 2018. The adoption of the new or revised FRS and the SFRS(I) have no significant impact on the Group's financial statements.

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

EARNINGS PER SHARE ("EPS")

	Group Unaudited			
	Q3-2018	Q3-2017	9M-2018	9M-2017
Profit, net of tax attributable to equity holders of the Company (S\$'000)	1,090	560	3,658	2,789
Weighted average number of ordinary shares ⁽¹⁾				
(a) Basic	562,500,000	562,500,000	562,500,000	562,500,000
(b) Diluted	562,500,000	562,500,000	562,500,000	562,500,000
EPS (cents)				
(a) Basic	0.19	0.10	0.65	0.50
(b) Diluted	0.19	0.10	0.65	0.50

Note:

(1) The weighted average number of ordinary shares on a basic and fully diluted basis were the same as there were no potentially dilutive instruments as at 30 September 2018 and 30 September 2017.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the**

- (a) **Current financial period reported on; and**
- (b) **Immediately preceding financial year.**

NET ASSET VALUE (“NAV”)

	Group		Company	
	Unaudited As at 30 September 2018	Audited As at 31 December 2017	Unaudited As at 30 September 2018	Audited As at 31 December 2017
NAV per ordinary share (cents)	10.50	9.49	8.12	7.98

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

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

REVIEW OF THE GROUP’S PERFORMANCE

Revenue

Revenue increased by S\$30.08 million or 25.5% from S\$117.79 million in 9M-2017 to S\$147.87 million in 9M-2018 and increased by S\$21.97 million or 56.8% from S\$38.69 million in Q3-2017 to S\$60.66 million in Q3-2018. The increase in revenue was mainly from the increase in sales by our subsidiary, SK Bullion Pte Ltd, of S\$26.28 million and S\$18.65 million in 9M-2018 and Q3-2018, respectively.

Other gains

Other gains increased by S\$0.67 million or 73.7% from S\$0.92 million in 9M-2017 to S\$1.59 million in 9M-2018. This was mainly attributable to (i) a fair value gain on derivative financial instruments of S\$0.45 million, (ii) increase in rental income of S\$0.45 million, (iii) increase in government grants of S\$0.05 million and (iv) increase in miscellaneous income of S\$0.04 million, offset by the absence of foreign exchange adjustment gains of S\$0.34 million.

In Q3-2018, other gains were S\$0.36 million, as compared to S\$0.23 million in Q3-2017. The increase of S\$0.13 million or 61.1% was mainly due to (i) increase in rental income of S\$0.15 million and (ii) increase in miscellaneous income of S\$0.04 million, offset by the absence of foreign exchange adjustment gains of S\$0.08 million which was recognised in Q3-2017.

The derivative financial instruments refer to the Group’s precious metals trading contracts and any fair value gains/losses is computed based on the current value of the difference between the contractual exchange rate and the market rate as at the end of the reporting period. The fair value gains/losses on these derivatives are recognized in profit or loss when the changes arise.

Material costs

Material costs increased by S\$26.44 million or 35.6% from S\$74.33 million in 9M-2017 to S\$100.77 million in 9M-2018 and increased by S\$20.34 million or 81.4% from S\$25.00 million in Q3-2017 to S\$45.35 million in Q3-2018. This was mainly due to changes in product mix.

Employee benefits expense

Employee benefits expense increased by S\$1.05 million or 7.4% from S\$14.17 million in 9M-2017 to S\$15.22 million in 9M-2018 and increased by S\$0.41 million or 9.0% from S\$4.60 million in Q3-2017 to S\$5.01 million in Q3-2018. The increase was mainly due to increase in salaries, sales commission and staff allowance. The increase in salaries was mainly due to the commencement of operations and opening of retail stores in the People's Republic of China (the "PRC").

Depreciation and amortisation expense

Depreciation and amortisation expense increased by S\$0.38 million or 12.8% from S\$2.97 million in 9M-2017 to S\$3.35 million in 9M-2018 and increased by S\$0.12 million or 12.0% from S\$1.01 million in Q3-2017 to S\$1.13 million in Q3-2018. The increase was mainly due to depreciation expenses in relation to the renovations on the retail stores in Singapore, the PRC and Malaysia.

Other losses

Other losses increased by S\$0.44 million from S\$0.04 million in 9M-2017 to S\$0.48 million in 9M-2018 mainly due to write-off of goodwill arising from our acquisition of the entire issued and paid-up share capital of Diamond Avenue Investments Limited in January 2018 of S\$0.34 million and foreign exchange loss of S\$0.10 million due to weakening of MYR against S\$.

The other losses of S\$0.21 million in Q3-2018 was mainly due to foreign exchange adjustment losses of S\$0.18 million mainly attributable to the weakening of MYR against S\$ and loss on disposal of plant and equipment in Singapore of S\$0.03 million.

Finance costs

Finance costs decreased by S\$0.17 million or 15.3% from S\$1.14 million in 9M-2017 to S\$0.97 million in 9M-2018 and decreased by S\$0.11 million or 28.6% from S\$0.39 million in Q3-2017 to S\$0.28 million in Q3-2018. The decrease was mainly due to lower borrowings following the partial repayment of the Directors' Loans of S\$6.00 million in aggregate on 1 June 2018 and 18 September 2018.

Other expenses

Other expenses increased by S\$1.18 million or 5.3% from S\$22.28 million in 9M-2017 to S\$23.46 million in 9M-2018 and increased by S\$0.48 million or 6.8% from S\$7.07 million in Q3-2017 to S\$7.55 million in Q3-2018. This was mainly due to increase in rental expenses in Singapore and start-up costs incurred in the PRC.

Profit before tax

As a result of the foregoing, profit before tax increased by S\$1.28 million or 33.8% from S\$3.77 million in 9M-2017 to S\$5.05 million in 9M-2018 and increased by S\$0.49 million or 57.7% from S\$0.84 million in Q3-2017 to S\$1.33 million in Q3-2018.

Income tax expense

Income tax expense increased by S\$0.18 million or 17.2% from S\$1.07 million in 9M-2017 to S\$1.25 million in 9M-2018 mainly due to the increase in profit before tax.

Income tax expense decreased by S\$0.06 million or 21.6% from S\$0.30 million in Q3-2017 to S\$0.24 million in Q3-2018 mainly due to a tax refund of S\$0.06 million received in Malaysia in Q3-2018.

REVIEW OF THE GROUP'S FINANCIAL POSITION

Non-current assets

Non-current assets decreased by S\$0.75 million or 1.9% from S\$39.04 million as at 31 December 2017 to S\$38.29 million as at 30 September 2018. This was mainly due to the (i) decrease in property, plant and equipment of S\$0.93 million and (ii) decrease in other assets (land use rights) of S\$0.17 million, partially offset by the increase in investment in associates of S\$0.34 million.

The increase in investment in associates of S\$0.34 million was due to subscription of shares in LVC (Thailand) Co, Ltd in Q2-2018 of S\$0.50 million, offset by the share of results of S\$0.16 million.

Current assets

Current assets decreased by S\$13.91 million or 13.7% from S\$101.65 million as at 31 December 2017 to S\$87.74 million as at 30 September 2018. This was mainly due to the (i) decrease in cash and cash equivalents of S\$10.0 million mainly due to partial repayment of the Directors' Loans and dividend payment in respect of FY2017, (ii) decrease in inventories of S\$3.24 million, (iii) decrease in other assets of S\$0.86 million and (iv) decrease in income tax receivables of S\$0.21 million, partially offset by the (i) increase in derivative financial assets of S\$0.34 million and (ii) increase in trade and other receivables of S\$0.06 million.

Non-current liabilities

Non-current liabilities decreased by S\$7.99 million or 26.2% from S\$30.53 million as at 31 December 2017 to S\$22.54 million as at 30 September 2018. This was mainly due to the repayment of certain term loans facilities of S\$0.80 million and repayment of the Directors' Loans of S\$7.17 million.

Current liabilities

Current liabilities decreased by S\$7.64 million or 14.8% from S\$51.73 million as at 31 December 2017 to S\$44.09 million as at 30 September 2018. This was mainly attributable to the (i) decrease in other financial liabilities of S\$1.38 million, (ii) decrease in trade and other payables of S\$1.67 million, (iii) decrease in derivatives financial liabilities of S\$0.11 million, (iv) decrease in income tax payable of S\$0.46 million and (v) decrease in other liabilities of S\$4.02 million.

The decrease in trade and other payables was mainly due to settlement for the jewellery products purchased on credit terms.

The decrease in other financial liabilities was mainly due to the repayment of certain term loans facilities and the Directors' Loans.

The decrease in income tax payables of S\$0.46 million or 32.9% from S\$1.40 million as at 31 December 2017 to S\$0.94 million as at 30 September 2018 was mainly due to income tax expenses provided for in 9M-2018 of S\$1.26 million which was offset by income tax payment of S\$1.72 million.

Total equity

Total equity increased by S\$0.97 million or 1.66% from S\$58.42 million as at 31 December 2017 to S\$59.40 million as at 30 September 2018. The was mainly due to the (i) increase in total comprehensive income, net of tax attributable to owners of the Company of S\$3.65 million for 9M-2018 and (ii) increase in non-controlling interest of S\$0.13 million, offset by the dividend payment in respect of FY2017 of S\$2.81 million made in Q2-2018.

REVIEW OF THE GROUP'S CASHFLOW STATEMENT

For 9M-2018, net cash flows from operating activities was S\$5.86 million, which consisted of operating cash flows before changes in working capital of S\$8.88 million, net of income tax paid of S\$1.72 million and working capital outflows of S\$1.30 million.

The net working capital outflows arose mainly from the following:

- (a) (i) a decrease in other liabilities of S\$4.04 million, (ii) a increase in trade and other receivables of S\$0.06 million, and (iii) a decrease in trade and other payables of S\$1.67 million.
- (b) offset by (i) a decrease in inventories of S\$3.24 million and (ii) decrease in other assets of S\$1.23 million.

For 9M-2018, net cash flows used in investing activities amounted to S\$2.72 million mainly due to the purchase of property, plant and equipment of S\$2.41 million and subscription of shares in LVC (Thailand) Co; Ltd. of S\$0.50 million.

For 9M-2018, net cash flows used in financing activities amounted to S\$13.14 million mainly due to (i) dividend payment in respect of FY2017 of S\$2.81 million, (ii) loan repayment of S\$1.38 million, (iii) net movement in amounts due to directors of S\$7.92 million arising from the repayment of the Directors' Loans and (iv) interest payment of S\$0.97 million.

As a result of the above, there was a net decrease of S\$10.00 million in cash and cash equivalents for 9M-2018, from a net cash surplus of S\$31.26 million as at 31 December 2017 to a net cash surplus of S\$21.27 million as at 30 September 2018.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable as no forecast for 9M-2018 was provided.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or event that may affect the group in the next reporting period and the next 12 months.

The challenges in the retail sector are expected to persist, given weaker consumer sentiments in both the manufacturing and services sectors. As global trade tensions persist, this could possibly translate to a decline in willingness to spend amongst consumers. Despite the gloomier economic outlook and intensifying competition posed from existing incumbents, the Group continues to stay focused on its core competencies in delivering better products and services to maintain its competitiveness in the market.

Beyond the retail scene in Singapore and Malaysia, the Group seeks to enhance its presence in the People's Republic of China (the "PRC") and Thailand, with a focus on building up the branding and product innovation in these countries. In addition, the Group also hopes to capitalise on the seasonal bumps typically occurring during the last quarter of this year to March of next year given that it coincides with the year-end school holidays and festive seasons of both Christmas and Chinese New Year.

11. Dividend

(a) Any dividend declared for the current financial period reported on?

None.

(b) Corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended for 9M-2018.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalyst (“**Catalist Rules**”). However, pursuant to Rule 905 of the Catalyst Rules, the following is disclosed:

Name of Interested Person	Aggregate value of all Interested Person Transactions during the year under review (including transactions of less than S\$100,000 and transactions conducted under Shareholders’ Mandate pursuant to Rule 920 of the Catalyst Rules)	
	9M-2018 S\$’000	9M-2017 S\$’000
Purchases of products Moneymax Financial Services Ltd. and its subsidiaries (the “ MoneyMax Group ”)	52	38
Sales of products MoneyMax Group	7	352
Central support services MoneyMax Group	177	149
Rental income MoneyMax Group	233	171
Rental expense Lim Yong Guan	243	243
	712	953

14. **Confirmation by the issuer pursuant to Rule 720(1)**

The Company confirms that it has procured undertakings from all of its directors and executive officers as required under Rule 720(1) of the Catalyst Rules.

15. **Negative Confirmation by the Board pursuant to Rule 705(5)**

The board of directors of the Company (the “**Board**”) confirms that, to the best of its knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial statements for Q3-2018 and 9M-2018 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD OF DIRECTORS

Dato’ Sri Dr. Lim Yong Guan
Non-Executive Chairman

Lim Yong Sheng
Executive Director and Chief Executive Officer

98 November 2018

*This announcement has been prepared by SK Jewellery Group Limited (the “**Company**”) and its contents have been reviewed by the Company’s sponsor, United Overseas Bank Limited (“**Sponsor**”), for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.*

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

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