

UNAUDITED SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018
PART 1 – 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 STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group					
	2Q2018	2Q2017	Change	1H2018	1H2017	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	55,014	63,204	(13.0)	112,173	124,322	(9.8)
Cost of sales	(43,272)	(52,913)	(18.2)	(88,215)	(103,967)	(15.2)
Gross profit	11,742	10,291	14.1	23,958	20,355	17.7
Other item of income						
Other operating income	918	1,011	(9.2)	2,183	1,764	23.8
Other items of expense						
Marketing and distribution expenses	(159)	(262)	(39.3)	(366)	(571)	(35.9)
Administrative expenses	(5,811)	(5,195)	11.9	(11,422)	(9,926)	15.1
Finance costs	(1,194)	(923)	29.4	(2,128)	(1,827)	16.5
Other operating expenses	(1,293)	(210)	515.7	(1,795)	(363)	394.5
Share of results of associates	782	719	8.8	1,598	1,371	16.6
Profit before tax	4,985	5,431	(8.2)	12,028	10,803	11.3
Income tax expense	(610)	(765)	(20.3)	(1,297)	(1,100)	17.9
Profit for the period	4,375	4,666	(6.2)	10,731	9,703	10.6
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss						
Foreign currency translation	(30)	83	n.m.	141	(34)	n.m.
Total comprehensive income for the period	4,345	4,749	(8.5)	10,872	9,669	12.4
Profit for the period attributable to:						
Owners of the Company	4,229	4,525	(6.5)	10,414	9,462	10.1
Non-controlling interests	146	141	3.5	317	241	31.5
	4,375	4,666	(6.2)	10,731	9,703	10.6
Total comprehensive income for the period attributable to:						
Owners of the Company	4,199	4,608	(8.9)	10,555	9,428	12.0
Non-controlling interests	146	141	3.5	317	241	31.5
	4,345	4,749	(8.5)	10,872	9,669	12.4

n.m.: Not meaningful

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

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

	Group					
	2Q2018	2Q2017	Change	1H2018	1H2017	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Depreciation of property, plant and equipment	454	371	22.4	898	740	21.4
Inventories recognised as an expense in cost of sales	42,291	52,268	(19.1)	86,214	102,741	(16.1)
Operating lease expense	1,091	1,020	7.0	2,147	1,944	10.4
Interest expense on loans and borrowings	2,212	1,687	31.1	4,155	3,171	31.0
Allowance for doubtful trade receivables	1,293	214	504.2	1,387	360	285.3
Goodwill written off	–	–	n.m.	408	–	n.m.
Net fair value (gain)/loss on loan from an unrelated party	(36)	(19)	89.5	(26)	40	n.m.
Net exchange loss/(gain)	48	(5)	n.m.	(101)	2	n.m.
Decrease/(increase) in fair value of inventories less point-of-sale costs	74	42	76.2	60	(62)	n.m.
Amortisation of intangible assets	32	–	n.m.	127	–	n.m.
Write back of allowance for write-down of inventories	–	–	n.m.	(150)	–	n.m.
Rental income from leasehold property	(223)	(289)	(22.8)	(478)	(518)	(7.7)
Interest income	(163)	(150)	8.7	(324)	(297)	9.1
Dividend income from unquoted investments	(52)	(48)	8.3	(52)	(48)	8.3

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	
	30.06.2018 \$'000	31.12.2017 \$'000	30.06.2018 \$'000	31.12.2017 \$'000
<u>Non-current assets</u>				
Property, plant and equipment	29,531	29,984	165	142
Intangible asset	43	578	–	–
Investment in subsidiaries	–	–	67,807	60,807
Investment in associates	15,510	13,870	1,002	1,002
Other investments	688	688	688	688
Trade and other receivables	76,709	58,552	4,840	4,743
	122,481	103,672	74,502	67,382
<u>Current assets</u>				
Inventories	54,491	57,662	–	–
Trade and other receivables	260,950	252,063	131,157	127,983
Prepaid operating expenses	503	1,210	36	24
Cash and bank balances	7,181	7,464	244	689
	323,125	318,399	131,437	128,696
Total assets	445,606	422,071	205,939	196,078
<u>Current liabilities</u>				
Trade and other payables	3,942	4,451	8,228	6,091
Other liabilities	2,738	3,713	795	1,394
Interest-bearing loans and borrowings	184,681	212,381	84	49,899
Income tax payable	2,373	2,434	162	185
	193,734	222,979	9,269	57,569
Net current assets	129,391	95,420	122,168	71,127
<u>Non-current liabilities</u>				
Provisions	347	332	–	–
Interest-bearing loans and borrowings	62,105	12,933	49,708	–
Deferred tax liabilities	1,942	1,972	19	19
Other payables	42	48	–	–
	64,436	15,285	49,727	19
Total liabilities	258,170	238,264	58,996	57,588
Net assets	187,436	183,807	146,943	138,490
<u>Equity attributable to owners of the Company</u>				
Share capital	78,313	78,313	78,313	78,313
Treasury shares	(26)	(26)	(26)	(26)
Retained earnings	111,189	107,496	68,656	60,203
Other reserves	(6,358)	(6,499)	–	–
	183,118	179,284	146,943	138,490
Non-controlling interests	4,318	4,523	–	–
Total equity	187,436	183,807	146,943	138,490

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

Amount repayable in one year or less, or on demand

	As at 30 June 18		As at 31 December 17	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Included in trade and other payables	–	3,351	–	3,322
Included in interest-bearing loans and borrowings	179,397	5,284	154,201	58,180
Total	179,397	8,635	154,201	61,502

Amount repayable by the Group after one year

	As at 30 June 18		As at 31 December 17	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Included in interest-bearing loans and borrowings	12,397	49,708	12,933	–
Total	12,397	49,708	12,933	–

Details of collateral:

- A fixed and floating charge on all assets of certain subsidiaries, legal mortgages over several properties and personal guarantees by certain directors of a subsidiary.

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 STATEMENTS OF CASH FLOWS	2Q2018 \$'000	2Q2017 \$'000	1H2018 \$'000	1H2017 \$'000
Operating activities				
Profit before tax	4,985	5,431	12,028	10,803
Adjustments for:				
Depreciation of property, plant and equipment	454	371	898	740
Amortisation of intangible assets	32	–	127	–
Goodwill written off	–	–	408	–
Allowance for doubtful trade receivables	1,293	214	1,387	360
Interest income	(163)	(150)	(324)	(297)
Finance costs	2,212	1,687	4,155	3,171
Increase/(decrease) in fair value of inventories less point-of-sale costs	74	42	60	(62)
Write back of allowance for write-down of inventories	–	–	(150)	–
Net fair value (gain)/loss on loan from an unrelated party	(36)	(19)	(26)	40
Dividend income from unquoted investments	(52)	(48)	(52)	(48)
Share of results of associates	(782)	(719)	(1,598)	(1,371)
Unrealised exchange loss/(gain)	48	(41)	(101)	20
Operating cash flows before changes in working capital	8,065	6,768	16,812	13,356
Changes in working capital				
(Increase)/decrease in inventories	(3,184)	138	3,261	(3,200)
(Increase)/decrease in trade and other receivables	(5,460)	(22,714)	(28,431)	19,505
Decrease in prepaid operating expenses	64	107	707	943
Increase/(decrease) in trade and other payables	99	(398)	(515)	(383)
Decrease in other liabilities	(238)	(173)	(975)	(675)
Cash flows (used in)/generated from operations	(654)	(16,272)	(9,141)	29,546
Interest received	163	150	324	297
Finance costs paid	(2,149)	(1,628)	(4,035)	(3,053)
Income taxes paid	(785)	(656)	(1,388)	(1,104)
Net cash flows (used in)/generated from operating activities	(3,425)	(18,406)	(14,240)	25,686
Investing activities				
Purchase of property, plant and equipment	(295)	(97)	(430)	(268)
Purchase of investment securities	–	–	–	(50)
Dividend income from associates	200	200	200	200
Dividend income from unquoted investments	52	48	52	48
Net cash flows (used in)/generated from investing activities	(43)	151	(178)	(70)
Financing activities				
Proceeds from interest-bearing loans and borrowings	95,104	29,833	104,690	33,964
Repayment of interest-bearing loans and borrowings	(79,415)	(5,748)	(80,582)	(47,796)
Term notes issuance expenses paid	(310)	–	(310)	–
Purchase of treasury shares	–	–	–	(26)
Return of investment to non-controlling interests	–	(1,046)	–	(1,046)
Dividends paid to non-controlling interests	(522)	(397)	(522)	(397)
Dividends paid on ordinary shares	(6,721)	(5,761)	(6,721)	(5,761)
Net cash flows generated from/(used in) financing activities	8,136	16,881	16,555	(21,062)
Net increase/(decrease) in cash and cash equivalents	4,668	(1,374)	2,137	4,554
Cash and cash equivalents at beginning of period	761	11,000	3,292	5,072
Cash and cash equivalents at end of period	5,429	9,626	5,429	9,626

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period for the immediately preceding financial year.

STATEMENTS OF CHANGES IN EQUITY

Group	Attributable to owners of the Company						Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital reserve	Merger reserve	Foreign currency translation reserve	Retained earnings			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2018	78,313	(26)	1,984	(7,599)	(884)	107,496	179,284	4,523	183,807
Profit for the period	—	—	—	—	—	10,414	10,414	317	10,731
Foreign currency translation	—	—	—	—	141	—	141	—	141
Total comprehensive income for the period	—	—	—	—	141	10,414	10,555	317	10,872
<u>Contributions by and distributions to owners</u>									
Dividends paid on ordinary shares	—	—	—	—	—	(6,721)	(6,721)	—	(6,721)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(522)	(522)
Total contributions by and distributions to owners	—	—	—	—	—	(6,721)	(6,721)	(522)	(7,243)
At 30 June 2018	78,313	(26)	1,984	(7,599)	(743)	111,189	183,118	4,318	187,436

Group	Attributable to owners of the Company						Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital reserve	Merger reserve	Foreign currency translation reserve	Retained earnings			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2017	78,313	—	1,984	(7,599)	(1,074)	94,164	165,788	5,499	171,287
Profit for the period	—	—	—	—	—	9,462	9,462	241	9,703
Foreign currency translation	—	—	—	—	(34)	—	(34)	—	(34)
Total comprehensive income for the period	—	—	—	—	(34)	9,462	9,428	241	9,669
<u>Contributions by and distributions to owners</u>									
Dividends paid to ordinary shares	—	—	—	—	—	(5,761)	(5,761)	—	(5,761)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(397)	(397)
Return of investment to non-controlling interests	—	—	—	—	—	—	—	(1,046)	(1,046)
Purchase of treasury shares	—	(26)	—	—	—	—	(26)	—	(26)
Total contributions by and distributions to owners	—	(26)	—	—	—	(5,761)	(5,787)	(1,443)	(7,230)
At 30 June 2017	78,313	(26)	1,984	(7,599)	(1,108)	97,865	169,429	4,297	173,726

Company	Attributable to owners of the Company			
	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Total equity \$'000
At 1 January 2018	78,313	(26)	60,203	138,490
Profit for the period, representing total comprehensive income for the period	–	–	15,174	15,174
<u>Contributions by and distributions to owners</u>				
Dividends paid on ordinary shares	–	–	(6,721)	(6,721)
At 30 June 2018	78,313	(26)	68,656	146,943
At 1 January 2017	78,313	–	56,201	134,514
Profit for the period, representing total comprehensive income for the period	–	–	7,081	7,081
<u>Contributions by and distributions to owners</u>				
Dividends paid on ordinary shares	–	–	(5,761)	(5,761)
Purchase of treasury shares	–	(26)	–	(26)
At 30 June 2017	78,313	(26)	57,521	135,808

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

Pursuant to the Share Buy-Back Mandate approved by shareholders, the Company purchased a total of 100,000 shares by way of on-market purchase for a total consideration of \$26,000 in 1Q2017. These shares purchased were made out of the Company's capital and held as treasury shares.

The Company's issued and fully paid up shares as at 30 June 2018 comprised 533,397,960 (30 June 2017: 533,397,960) ordinary shares and 100,000 (30 June 2017: 100,000) treasury shares.

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

	30.06.2018	31.12.2017
Total number of issued shares	533,497,960	533,497,960
Less: Treasury shares	(100,000)	(100,000)
Total number of issued shares excluding treasury shares	533,397,960	533,397,960

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.

Treasury Shares	No. of shares	S\$'000
Balance as at 31/03/2018	100,000	26
No. of shares purchased	–	–
Balance as at 30/06/2018	100,000	26

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 Company's auditors.

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

The Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)"), which is effective for Singapore-incorporated companies listed on the Singapore Exchange for annual reporting periods beginning on or after 1 January 2018. The Group has also adopted the new SFRS(I) and Interpretations to SFRS(I)s ("SFRS(I) INT") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2018. The adoption of SFRS(I), and the new SFRS(I) and SFRS(I) INT relevant to the Group's operations and effective for annual periods beginning on or after 1 January 2018 did not have a material effect on the financial statements for the current financial period.

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.

Please refer to item 4 above.

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:—

(a) Based on the weighted average number of ordinary shares on issue; and

(b) On a fully diluted basis (detailing any adjustments made to the earnings).

	Group			
	2Q2018	2Q2017	1H2018	1H2017
	Cents	Cents	Cents	Cents
i) Basic earnings per share	0.79	0.85	1.95	1.77
ii) Diluted earnings per share	0.79	0.85	1.95	1.77
- Weighted average number of shares ('000)	533,398	533,398	533,398	533,439

The calculation of basic earnings per share for 1H ended 30 June 2018 is based on the net profits attributable to shareholders for the 1H ended 30 June 2018 divided by the weighted average number of ordinary shares outstanding of 533,398,000.

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.

	Group		Company	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017
Net asset value per ordinary share (cents)	34.33	33.61	27.55	25.96
Number of ordinary shares in issue ('000)	533,398	533,398	533,398	533,398

The number of ordinary shares was based on the number of outstanding shares as at 30 June 2018 excluding treasury shares and 31 December 2017 respectively.

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

2Q2018 vs 2Q2017

Revenue

The Group's revenue declined from \$63.2 million in 2Q2017 to \$55.0 million in 2Q2018. Revenue from retail and trading of jewellery and gold business decreased by \$10.4 million while revenue contribution from the pawnbroking and moneylending business increased by \$1.1 million each respectively in 2Q2018.

Cost of sales

The Group's cost of sales decreased from \$52.9 million in 2Q2017 to \$43.3 million in 2Q2018. Cost of goods sold for retail and trading of jewellery and gold business decreased by \$10.0 million, which is in line with the decrease in revenue in this segment, while interest cost for both pawnbroking and moneylending increased by \$0.3 million and \$0.1 million respectively.

Gross profit

Overall gross profit increased by \$1.5 million in 2Q2018 compared with the same period in 2Q2017. Gross profit margin improved from 16.3% in 2Q2017 to 21.3% in 2Q2018.

Other operating income

Other operating income was \$0.9 million in 2Q2018 compared with \$1.0 million in 2Q2017. The lower other operating income was mainly due to the decrease in rental income of \$0.1 million.

Marketing and distribution expenses

Marketing and distribution expenses comprise mainly commission expenses, labour charges, licences, packaging, and repair and reconditioning expenses. The decrease in marketing and distribution expenses from \$0.3 million in 2Q2017 to \$0.2 million in 2Q2018 was mainly due to the decrease in commission expenses of \$0.1 million.

Administrative expenses

Administrative expenses comprise mainly employee benefits expense, rental expenses, depreciation expenses, legal and professional fees and insurance premiums. The increase in administrative expenses from \$5.2 million in 2Q2017 to \$5.8 million in 2Q2018 was mainly due to the increase in employee benefits expense of \$0.4 million and increases in depreciation and rental expenses of \$0.1 million each respectively. The increase in employee benefits expense was due to the increase in headcount and salary adjustments.

Other operating expense

Other operating expenses comprise mainly allowance for doubtful trade receivables of \$1.3 million and \$0.2 million in 2Q2018 and 2Q2017 respectively.

Share of results of associates

The Group's share of results of associates increased from \$0.7 million in 2Q2017 to \$0.8 million in 2Q2018, due to increased contribution from Malaysian associated companies.

Profit before tax

As a result of the above, profit before tax decreased by \$0.4 million to \$5.0 million in 2Q2018.

Income tax expense

Income tax expense decreased by \$0.2 million in 2Q2018, which is in line with the decrease in profit.

1H2018 vs 1H2017

Revenue

The Group's revenue decreased from \$124.3 million in 1H2017 to \$112.2 million in 1H2018. Retail and trading of jewellery and gold business accounted for the decrease of \$16.5 million while revenue from pawnbroking and moneylending increased by \$2.2 million each respectively.

Cost of sales

The Group's cost of sales decreased from \$104.0 million in 1H2017 to \$88.2 million in 1H2018. Cost of goods sold for retail and trading of jewellery and gold business decreased by \$16.5 million, which is in line with the decrease in revenue in this segment, while interest cost for both pawnbroking and moneylending increased by \$0.6 million and \$0.1 million respectively.

Gross profit

Overall gross profit increased by \$3.6 million in 1H2018 compared with the same period in 1H2017. Gross profit margin improved from 16.4% in 1H2017 to 21.4% in 1H2018.

Other operating income

Other operating income was \$2.2 million in 1H2018 compared with \$1.8 million in 1H2017. The higher operating income was mainly due to increases in facility fee income from the moneylending business and the write-back of allowance of inventories of \$0.2 million each respectively.

Marketing and distribution expenses

Marketing and distribution expenses comprise mainly commission expenses, labour charges, licenses, packaging, and repair and reconditioning expenses. The decrease in marketing and distribution expenses from \$0.6 million in 1H2017 to \$0.4 million in 1H2018 was mainly due to the decrease in commission expenses of \$0.2 million.

Administrative expenses

Administrative expenses comprise mainly employee benefits expense, rental expenses, depreciation expenses, legal and professional fees and insurance premiums. The increase in administrative expenses from \$9.9 million in 1H2017 to \$11.4 million in 1H2018 was mainly due to the increases in depreciation and rental expenses of \$0.2 million each respectively, as well as employee benefits expense and amortisation expenses of \$1 million and \$0.1 million respectively.

Other operating expense

Other operating expenses increased from \$0.4 million in 1H2017 to \$1.8 million in 1H2018 mainly due to the increase in allowance for doubtful trade receivables and goodwill written off of \$1.0 million and \$0.4 million respectively.

Share of results of associates

The Group's share of results of associates increased from \$1.4 million in 1H2017 to \$1.6 million in 1H2018, due to increased contribution from Malaysian associated companies.

Profit before tax

As a result of the above, profit before tax increased by \$1.2 million to \$12.0 million in 1H2018.

Income tax expense

Income tax expense increased by \$0.2 million in 1H2018, which is in line with the increase in profit.

Review of the Group's Financial Position

Non-current assets increased by \$18.8 million from \$103.7 million as at 31 December 2017 to \$122.5 million as at 30 June 2018. The increase comprises increase in trade and other receivables of \$18.2 million from the Group's moneylending business and increase in investment in associates of \$1.6 million. These were offset by a decrease in intangible assets and property, plant and equipment by \$0.5 million each respectively.

Current assets increased by \$4.7 million from \$318.4 million as at 31 December 2017 to \$323.1 million as at 30 June 2018. This was mainly due to the increase in trade and other receivables of \$8.9 million. This was partially offset by the decrease in inventories of \$3.2 million, prepaid operating expenses of \$0.7 million and cash and bank balances of \$0.3 million.

Current liabilities decreased by \$29.3 million from \$223.0 million as at 31 December 2017 to \$193.7 million as at 30 June 2018 as a result of an decreases in interest-bearing loans and borrowings of \$27.7 million, other current liabilities of \$1.0 million, trade and other payables of \$0.5 million and income tax payable of \$0.1 million.

Non-current liabilities increased by \$49.2 million from \$15.3 million as at 31 December 2017 to \$64.4 million as at 30 June 2018 as a result of increase in interest-bearing loans and borrowings of \$49.2 million.

Equity comprises share capital, treasury shares, retained earnings, capital reserve, merger reserve, foreign currency translation reserve and non-controlling interests. Equity attributable to owners of the Company increased from \$179.3 million as at 31 December 2017 to \$183.1 million as at 30 June 2018 mainly due to the increase in retained earnings.

Review of the Group's Cash Flows

2Q2018 vs 2Q2017

In 2Q2018, the net cash used in operating activities was \$3.4 million. This comprises operating cash flows before working capital adjustments of \$8.0 million, adjusted by net working capital outflow of \$8.7 million. In 2Q2018, the Group received interest income of \$0.2 million, with net income tax paid of \$0.8 million and interest expense paid of \$2.1 million respectively. The net working capital outflow was a result of the increases in inventories of \$3.2 million, trade and other receivables of \$5.5 million and the decrease in other liabilities of \$0.2 million. This was partially offset by the decrease in prepaid operating expenses and increase in trade and other payables of \$0.1 million each respectively.

In 2Q2018, the net cash used in investing activities was due to the purchase of property, plant and equipment of \$0.3 million, which was partially offset by the aggregate dividend income from associated and unquoted investments of \$0.3 million.

The net cash generated from financing activities in 2Q2018 amounted to \$8.1 million comprising the net proceeds from interest-bearing loans and borrowings of \$15.7 million. This was partially offset by the payment of dividends of \$7.2 million and term notes issuance expenses of \$0.3 million.

1H2018 vs 1H2017

In 1H2018, the net cash used in operating activities was \$14.2 million. This comprises operating cash flows before working capital adjustments of \$16.8 million, adjusted by net working capital outflow of \$25.9 million. In 1H2018, the Group received interest income of \$0.3 million, with net income tax paid of \$1.4 million and interest expense paid of \$4.0 million respectively. The net working capital outflow was a result of the increase in trade and other receivables of \$28.4 million, decrease in trade and other payables of \$0.5 million and decrease in other liabilities of \$1.0 million. These were partially offset by the decrease in inventories of \$3.3 million and decrease in prepaid operating expenses of \$0.7 million.

In 1H2018, the net cash used in investing activities amounted to \$0.2 million, comprising the purchase of property, plant and equipment of \$0.4 million, partially offset by dividend income of \$0.2 million.

The net cash generated from financing activities in 1H2018 amounted to \$16.6 million comprising the net proceeds from interest-bearing loans and borrowings of \$24.1 million. This was partially offset by the payment of dividends of \$7.2 million and term notes issuance expenses of \$0.3 million.

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

There is no material variance from the prospects disclosed in paragraph 10 of the Group's previous results announcement.

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 events that may affect the group in the next reporting period and the next 12 months.

Gold price fell to below USD1,250 from above USD1,300 since the last results announcement. The prospect of gold price remains volatile given the current economic uncertainties and the pawnbroking business continues to face challenges from keen competition, rising operating costs and interest rates.

In line with the Group's strategy to expand its pawnbroking business, the Group opened three new outlets during the last three months. The Group will continue to explore acquisition opportunities and suitable locations to grow our network of pawnshops and retail outlets, and grow our moneylending business.

11. Dividend

**i. Current Financial Period Reported on
Any dividend declared for the current period?**

No.

**ii. Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year?**

No.

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

No dividend has been declared for the six-month period ended 30 June 2018.

13. Interested Person Transactions

The Group has obtained a general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 25 April 2018. During the financial period, the following interested person transactions were entered into by the Group:

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000)	
	YTD-30 Jun 18 \$'000	YTD-30 Jun 17 \$'000
Sales of goods to director-related companies		
- Hwa Goldsmith and Jewellers	600	748
- Mei Zhi Jewellery	151	95
- Lucky Jewellery	755	69
Purchase of goods from director-related companies		
- Mei Zhi Jewellery	136	13
Rental paid to director-related company		
- Yeah Properties Pte Ltd	78	156

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to <u>Rule 920</u>)	
	YTD-30 Jun 18 \$'000	YTD-30 Jun 17 \$'000
Subscription of 3-year 5.10 percent fixed rate note due 2021		
- Yeah Hiang Nam	3,710	-

14. Negative confirmation pursuant to Rule 705(5)

The board of Directors of the Company (the "Board") confirms that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial statements for the period ended 30 June 2017 to be false or misleading in any material respects.

For and on behalf of the Board

Yeah Hiang Nam
Managing Director

Yeah Lee Ching
Executive Director