
UNAUDITED THIRD QUARTER AND NINE-MONTH FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

MoneyMax Financial Services Ltd. (the “Company”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 2 August 2013. The initial public offering (the “IPO”) of the Company was sponsored by United Overseas Bank Limited (the “Sponsor”).

This announcement has been prepared by the Company and its contents have been reviewed by the 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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Background

The Company was incorporated in the Republic of Singapore on 9 October 2008 under the Companies Act (Chapter 50) of Singapore as a private limited company under the name of “Soo Kee Financial Services Pte Ltd”. On 2 August 2012, the Company changed its name to “MoneyMax Financial Services Pte Ltd”. The Company subsequently changed its name to “MoneyMax Financial Services Ltd.” on 23 July 2013 in conjunction with its conversion to a public company limited by shares.

The Group comprising the Company and its subsidiaries (the “Group”) was formed pursuant to a restructuring exercise (the “**Restructuring Exercise**”) undertaken as part of its corporate re-organisation, which involved the rationalisation of its corporate and shareholding structure for the purposes of the Company’s listing on Catalist. Please refer to the Company’s offer document dated 25 July 2013 (the “**Offer Document**”) for further details on the Restructuring Exercise.

On 20 June 2014, pursuant to a conditional share purchase agreement entered into with Chong Mei Sang, the Company announced that the Group had agreed to acquire a 51.0% equity interest in a new holding company to be incorporated in Malaysia which would hold an existing network of 8 pawnshops in Malaysia, with the intention to grow the Malaysian network over the next few years (the “**Malaysian Investment**”). Since the Company’s announcement on 20 June 2014, Easimine Group Sdn Bhd (“**Easimine**”) has been incorporated for the purpose of the Malaysian Investment and the initial completion of the Malaysian Investment took place on 15 August 2014. Please refer to the Company’s announcements on the SGXNET dated 20 June 2014 and 15 August 2014 for further details on the Malaysian Investment.

For the purpose of this announcement, the results of the Group for the third quarter ended 30 September 2014 (“**Q3-2014**”) with the comparative results of the Group for the third quarter ended 30 September 2013 (“**Q3-2013**”) and the nine-month period ended 30 September 2014 (“**YTD-2014**”) with the comparative results of the Group for the nine-month period ended 30 September 2013 (“**YTD-2013**”) have been prepared on the assumption that the group structure following the completion of the Restructuring Exercise has been in place since 1 January 2013. Further to the initial completion of the Malaysian Investment on 15 August 2014, the results of Easimine and its subsidiaries have also been incorporated into the results for Q3-2014.

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					
	Q3-2014 S\$'000	Q3-2013 S\$'000	Change %	YTD- 2014 S\$'000	YTD- 2013 S\$'000	Change %
Revenue	19,161	16,161	18.6	53,582	43,504	23.2
Other Items of Income						
Other Credits	217	338	(35.8)	960	266	260.9
Other Items of Expense						
Material Costs	(12,440)	(9,945)	25.1	(35,387)	(27,012)	31.0
Employee Benefits	(2,296)	(1,833)	25.3	(6,417)	(4,934)	30.1
Expense						
Depreciation and Amortisation	(589)	(587)	0.3	(1,683)	(1,165)	44.5
Expense						
Finance Costs	(662)	(556)	19.1	(1,760)	(1,656)	6.3
Other Charges	(440)	(125)	252.0	(462)	(125)	269.6
Other Expenses	(2,727)	(4,155)	(34.4)	(7,744)	(7,434)	4.2
Profit/(Loss) Before Tax	224	(702)	NM	1,089	1,444	(24.6)
Income Tax Expense	(143)	(202)	(29.2)	(288)	(594)	(51.5)
Profit/(Loss) Net of Tax	81	(904)	NM	801	850	(5.8)
Other Comprehensive Income for the Year	1	-	NM	1	-	NM
Total Comprehensive Income for the Year	82	(904)	NM	802	850	(5.7)
Attributable to:						
Owners of the Company	74	(904)	NM	794	850	(6.6)
Non-controlling Interests	8	-	NM	8	-	NM

NM: 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					
	Q3-2014 S\$'000	Q3-2013 S\$'000	Change %	YTD- 2014 S\$'000	YTD- 2013 S\$'000	Change %
Rental income	(142)	(136)	4.4	(375)	(208)	80.3
Government grants	(48)	(21)	128.6	(248)	(40)	520.0
Depreciation of plant and equipment	531	554	(4.2)	1,512	1,054	43.5
Amortisation of lease assignment fees	58	33	75.8	171	111	54.1
Foreign exchange (gain) / loss	66	8	725.0	67	(11)	(709.1)
Inventories write down reversal	-	(189)	NM	(285)	-	NM
Inventories written down	324	97	234.0	345	97	255.7
Loss on disposal of plant and equipment	50	28	78.6	50	28	78.6
IPO expenses	-	1,249	NM	-	1,249	NM

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	
	30 September 2014 S\$'000	31 December 2013 S\$'000	30 September 2014 S\$'000	31 December 2013 S\$'000
ASSETS				
<u>Non-Current Assets</u>				
Plant and Equipment	3,762	2,379	-	-
Intangible Assets	278	448	-	-
Investment in Subsidiaries	-	-	50,405	44,405
Deferred Tax Assets	373	376	-	-
Goodwill (Note 1)	1,191	-	-	-
Total Non-Current Assets	5,604	3,203	50,405	44,405
<u>Current Assets</u>				
Inventories	17,888	14,113	-	-
Trade and Other Receivables	145,596	133,008	9,047	12,225
Other Assets	3,057	3,433	111	176
Cash and Cash Equivalents	7,761	8,658	419	1,200
Total Current Assets	174,302	159,212	9,577	13,601
Total Assets	179,906	162,415	59,982	58,006
EQUITY AND LIABILITIES				
<u>Equity Attributable to Owners of the Company</u>				
Share Capital	56,144	56,144	56,144	56,144
Retained Earnings/ (Accumulated Losses)	1,499	1,767	(821)	1,305
Reserves	1	-	-	-
	57,644	57,911	55,323	57,449
Non-controlling Interests	359	-	-	-
Total Equity	58,003	57,911	55,323	57,449
<u>Non-Current Liabilities</u>				
Other Financial Liabilities	3,748	25	-	-
Total Non-Current Liabilities	3,748	25	-	-
<u>Current Liabilities</u>				
Income Tax Payable	534	941	-	-
Trade and Other Payables	12,407	9,723	4,659	557
Other Financial Liabilities	104,610	93,447	-	-
Other Liabilities	604	368	-	-
Total Current Liabilities	118,155	104,479	4,659	557
Total Liabilities	121,903	104,504	4,659	557
Total Equity and Liabilities	179,906	162,415	59,982	58,006

Note 1

On 15 August 2014 (the “**Date of Investment**”), the Group acquired a 51.0% equity interest in Easimine and its subsidiaries in Malaysia for a cash consideration of RM4.0 million or approximately S\$1.6 million. Easimine is an investment holding company and its subsidiaries are in the business of pawnbroking.

The Malaysian Investment was accounted for using the acquisition method. The fair value of the identifiable assets and liabilities of Easimine and its subsidiaries at the Date of Investment were provisionally determined as follows:

Fair Value of Identifiable Assets and Liabilities	As at Date of Investment RM'000	As at Date of Investment S\$'000
Plant and Equipment	1,618	629
Inventories	369	143
Trade and Other Receivables	14,487	5,634
Other Assets	285	111
Cash and Cash Equivalents	2,437	947
Other Financial Liabilities	(2,034)	(791)
Income Tax Payable	(101)	(39)
Trade and Other Payables	(14,893)	(5,792)
Other Liabilities	(320)	(124)
Deferred Tax Liabilities	(8)	(3)
	1,840	715
<u>Goodwill Recognised</u>		
Total Consideration	4,000	1,556
Non-controlling Interest at Fair Value	901	350
Total Identifiable Assets and Liabilities at Fair Value	(1,840)	(715)
	3,061	1,191
<u>Acquisition of Subsidiaries, Net of Cash</u>		
Total Purchase Consideration Fully Paid in Cash	4,000	1,556
Less: Cash and Cash Equivalents Acquired	(456)	(176)
Acquisition of Subsidiaries, Net of Cash	3,544	1,380

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 2014		As at 31 December 2013	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
104,610	-	93,447	-

Amount repayable by the Group after one year

As at 30 September 2014		As at 31 December 2013	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
3,748	-	25	-

Details of collaterals

The Group's borrowings and debt securities are secured as follows:

- i) Deeds of debentures, a charge on all sums in the current account of certain subsidiaries and a fixed and floating charge over all present and future assets of certain subsidiaries;
- ii) Personal guarantee by an Executive Director for finance leases;
- iii) Corporate guarantee by MoneyMax Financial Services Ltd., and
- iv) Deeds of assignment of all rights, interests and benefits from insurance policies for pledged articles.

- 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

	Q3-2014 S\$'000	Q3-2013 S\$'000	YTD-2014 S\$'000	YTD-2013 S\$'000
<u>Cash Flows From Operating Activities</u>				
Profit/(Loss) Before Tax	224	(702)	1,089	1,444
Adjustments for:				
Interest Income	(10)	-	(10)	-
Interest Expense	662	556	1,760	1,656
Depreciation of Plant and Equipment	531	554	1,512	1,054
Amortisation of Intangible Assets	58	33	171	111
Loss on Disposal of Plant and Equipment	50	28	50	28
Foreign Currency Translation	1	-	1	-
Operating Cash Flows before Changes in Working Capital	1,516	469	4,573	4,293
Inventories	(334)	(3,376)	(3,632)	(8,180)
Trade and Other Receivables	(2,827)	(4,572)	(7,024)	(7,663)
Other Assets, Current	92	(520)	487	(872)
Trade and Other Payables	(2,346)	219	(3,109)	(4,089)
Other Liabilities	40	42	111	68
Net Cash Flows Used in Operations	(3,859)	(7,738)	(8,594)	(16,443)
Income Taxes Paid	(293)	(571)	(663)	(1,141)
Net Cash Flows Used in Operating Activities	(4,152)	(8,309)	(9,257)	(17,584)
<u>Cash Flows From Investing Activities</u>				
Purchase of Plant and Equipment	(814)	(1,144)	(2,319)	(1,839)
Purchase of Intangible Assets	-	(318)	-	(317)
Proceeds from Disposal of Plant and Equipment	-	-	3	-
Payment to Ex-shareholders of Subsidiaries Due to the Restructuring Exercise	-	-	-	(1,754)
Interest Received	10	-	10	-
Acquisition of Subsidiaries (Net of Cash Acquired)(Note 1)	(1,380)	-	(1,380)	-
Net Cash Flows Used in Investing Activities	(2,184)	(1,462)	(3,686)	(3,910)
<u>Cash Flows From Financing Activities</u>				
Issue of Shares	-	15,493	-	18,493
Increase from New Borrowings	7,792	-	12,292	5,812
Finance Lease Repayments	(3)	(26)	(14)	(67)
Interest Paid	(662)	(556)	(1,760)	(1,656)
Dividend Paid	-	-	(1,061)	-
Net Cash Flows From Financing Activities	7,127	14,911	9,457	22,582
Net Decrease in Cash and Cash Equivalents	791	5,140	(3,486)	1,088

Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	(610)	(2,275)	3,667	1,777
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	181	2,865	181	2,865

Cash and cash equivalents

Cash and cash equivalents included in the Group's consolidated cash flow statements comprise the following amounts:

	As at 30 September 2014 S\$'000	As at 30 September 2013 S\$'000
Cash at bank and in hand	7,761	7,874
Bank overdrafts	(7,580)	(5,009)
Cash and cash equivalents for statement of cash flows purposes	181	2,865

- 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 of the immediately preceding financial year.

STATEMENTS OF CHANGES IN EQUITY

Group	Attributable to Owners of the Company				Non-Controlling Interests S\$'000	Total Equity S\$'000
	Share Capital S\$'000	Retained Earnings/ (Accumulated Losses) S\$'000	Reserves S\$'000	Sub-Total S\$'000		
Balance as at 1 January 2014	56,144	1,767	-	57,911	-	57,911
Acquisition of interest in subsidiaries	-	-	-	-	351	351
Total comprehensive income for the period	-	793	1	794	8	802
Dividends paid	-	(1,061)	-	(1,061)	-	(1,061)
Balance as at 30 September 2014	56,144	1,499	1	57,644	359	58,003
Balance as at 1 January 2013	31,001	8,399	-	39,400	-	39,400
Issue of share capital	3,000	-	-	3,000	-	3,000
Share swap pursuant to the Restructuring Exercise	(31,001)	(8,403)	-	(39,404)	-	(39,404)
Issuance of shares pursuant to the acquisition of subsidiaries as part of the Restructuring Exercise	37,651	-	-	37,651	-	37,651
New ordinary shares issued pursuant to the IPO	16,140	-	-	16,140	-	16,140
Listing expenses taken to equity	(647)	-	-	(647)	-	(647)
	56,144	(4)	-	56,140	-	56,140
Total comprehensive income for the period	-	850	-	850	-	850
Balance as at 30 September 2013	56,144	846	-	56,990	-	56,990

Company	Share Capital S\$'000	Retained Earnings/ (Accumulated Losses) S\$'000	Total Equity S\$'000
Balance as at 1 January 2014	56,144	1,305	57,449
Total comprehensive loss for the period	-	(1,065)	(1,065)
Dividends paid	-	(1,061)	(1,061)
Balance as at 30 September 2014	56,144	(821)	55,323
Balance as at 1 January 2013	+	(2)	(2)
Issue of share capital	3,000	-	3,000
Issuance of shares pursuant to the acquisition of subsidiaries as part of the Restructuring Exercise	3,000	(2)	2,998
New ordinary shares issued pursuant to the IPO	37,651	-	37,651
Listing expenses taken to equity	16,140	-	16,140
	(647)	-	(647)
Total comprehensive loss for the period	56,144	(2)	56,142
	-	(1,440)	(1,440)
Balance as at 30 September 2013	56,144	(1,442)	54,702

+ Amount less than S\$1,000.

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

CHANGES IN ISSUED AND PAID-UP SHARE CAPITAL

	Company			
	Number of Shares 2014 '000	Paid-up Capital 2014 S\$'000	Number of Shares 2013 '000	Paid-up Capital 2013 S\$'000
Issued and fully paid-up share capital				
Balance as at 1 January	353,800	56,144	+	+
Issue of ordinary shares	-	-	3,372	3,000
Issue of shares pursuant to the Restructuring Exercise	-	-	46,628	37,651
Balance as at 30 September	353,800	56,144	50,000⁽¹⁾	40,651

+ Amount less than 1,000

Note:

- (1) Pursuant to the sub-division of each share into 6 shares in July 2013 prior to the IPO, 250,000,000 new shares were issued with the resultant number of shares and paid-up capital being 300,000,000 shares and S\$40,650,976, respectively.

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

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

	As at 30 September 2014 '000	As at 31 December 2013 '000
Total number of issued shares (excluding treasury shares)	353,800	353,800

The Company has no treasury shares or securities convertible into shares that are outstanding as at 30 September 2014 and 31 December 2013.

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.

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.

The Group has applied the same accounting policies and methods of computation in the financial statements for the nine-month period ended 30 September 2014 as its most recently audited combined financial statements for the financial year ended 31 December 2013.

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.

There are no changes in the Group's accounting policies and methods of computation including any required by an accounting standard.

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			
	Q3-2014	Q3-2013	YTD-2014	YTD-2013
Profit/(Loss) Net of Tax attributable to owners of the Company (S\$'000)	74	(904)	794	850
EPS (cents):-				
(a) Based on the weighted average number of ordinary shares ^{(1) (2)}	0.02	(0.27)	0.22	0.27
(b) On a fully diluted basis ⁽³⁾	0.02	(0.27)	0.22	0.27

Notes:

- (1) EPS of the Group for Q3-2013 and YTD-2013 has been computed based on the weighted average post-IPO share capital of 335,866,667 and 315,955,555 shares respectively.
- (2) EPS of the Group for Q3-2014 and YTD-2014 has been computed based on share capital of 353,800,000 shares.
- (3) The EPS based on the number of ordinary shares in issue and the EPS on a fully diluted basis were the same as there were no potentially dilutive instruments as at 30 September 2014 and 30 September 2013.

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	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
NAV per ordinary share ⁽¹⁾ (cents)	16.29	16.37	15.64	16.24

Note:

- (1) NAV per ordinary share as at 30 September 2014 and as at 31 December 2013 has been computed based on the share capital of 353,800,000 shares.

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 approximately S\$10.1 million or 23.2% from approximately S\$43.5 million in YTD-2013 to approximately S\$53.6 million in YTD-2014 and increased by approximately S\$3.0 million or 18.6% from approximately S\$16.2 million in Q3-2013 to approximately S\$19.2 million in Q3-2014, mainly due to higher revenue from the retail and trading of pre-owned jewellery and watches segment as a result of the higher disposal in the first quarter ended 31 March 2014 ("Q1-2014") and Q3-2014 of pre-owned jewellery and watches that were accumulated and deemed to be unsuitable for retail sales. The Malaysian Investment also contributed approximately S\$0.4 million in revenue to the pawnbroking segment in Q3-2014.

Although revenue in YTD-2014 had increased by 23.2%, gross profit⁽¹⁾ had increased by only 10.3% as yields from the trading of pre-owned jewellery and watches are generally lower than those from retail. Correspondingly, revenue in Q3-2014 had increased by 18.6% while gross profit⁽¹⁾ had increased by only 8.1% over the same period.

Other Credits

Other credits increased by approximately S\$0.7 million or 260.9% to approximately S\$1.0 million in YTD-2014 from approximately S\$0.3 million in YTD-2013, mainly due to a rise in rental income and government grants in aggregate of S\$0.4 million, as well as the reversal in the inventories provision of S\$0.3 million in Q1-2014.

Other credits decreased by approximately S\$0.1 million or 35.8% to approximately S\$0.2 million in Q3-2014 from approximately S\$0.3 million in Q3-2013, mainly due to the reversal in the inventories provision of S\$0.2 million in Q3-2013 which was offset by the increase in rental income and government grants in aggregate of S\$0.1 million.

Material Costs

Material costs increased by approximately S\$8.4 million or 31.0% to approximately S\$35.4 million in YTD-2014 from approximately S\$27.0 million in YTD-2013 and increased by approximately S\$2.5 million or 25.1% to approximately S\$12.4 million in Q3-2014 from approximately S\$9.9 million in Q3-2013. The increase was mainly attributable to the increase in trading activities in Q1-2014 and Q3-2014 from the retail and trading of pre-owned jewellery and watches segment.

Employee Benefits Expense

Employee benefits expense increased by approximately S\$1.5 million or 30.1% to approximately S\$6.4 million in YTD-2014 from approximately S\$4.9 million in YTD-2013, and increased by approximately S\$0.5 million or 25.3% to approximately S\$2.3 million in Q3-2014 from approximately S\$1.8 million in Q3-2013.

⁽¹⁾ "Gross profit" is defined as the difference between "Revenue" and "Material costs".

This was mainly due to the increase in number of employees attributable to the addition of new retail outlets, the increase in corporate headquarter activities in conjunction with the listing of the Company and the Malaysian Investment.

Depreciation and Amortisation Expense

Depreciation and amortisation expense increased by approximately S\$0.5 million or 44.5% to approximately S\$1.7 million in YTD-2014 from approximately S\$1.2 million in YTD-2013. This was mainly due to the higher depreciation in renovation and plant and equipment in line with the launch of new retail outlets and the refurbishment of existing outlets over YTD-2014 as compared to the corresponding period.

However, depreciation and amortisation expense remained relatively stable at approximately S\$0.6 million in both Q3-2014 and Q3-2013. This was mainly due to the higher depreciation in renovation brought about by the refurbishment of existing outlets beginning in Q3-2013.

Finance Costs

Finance costs increased by approximately S\$0.1 million or 6.3% to approximately S\$1.8 million in YTD-2014 from approximately S\$1.7 million in YTD-2013 and by approximately S\$0.1 million or 19.1% to approximately S\$0.7 million in Q3-2014 from approximately S\$0.6 million in Q3-2013. This was mainly due to the increase in interest expense in line with the higher usage in bank facilities to fund the acquisition of inventories, pledged loans extended to customers and the Malaysian Investment.

Other Charges

Other charges increased by approximately S\$0.3 million or 269.6% to approximately S\$0.4 million in YTD-2014 from approximately S\$0.1 million in YTD-2013 and by approximately S\$0.3 million or 252.0% to approximately S\$0.4 million in Q3-2014 from approximately S\$0.1 million in Q3-2013. This was mainly due to loss on plant and equipment written off, foreign exchange loss and inventories written down to net realisable value as a result of the fall in gold prices.

Other Expenses

Although other expenses were relatively stable in YTD-2014 and YTD-2013 at approximately S\$7.7 million and S\$7.4 million, respectively, other expenses in YTD-2013 included a one-time non-recurring IPO expense of approximately S\$1.2 million. Therefore, after excluding the one-time non-recurring IPO expense from other expenses in Q3-2013, there was an increase of approximately S\$1.5 million in YTD-2014 over YTD-2013 which was attributed to the increase in rental and other operating expenses relating to the new retail outlets opened and partially offset by the decrease in advertising and promotion expenses.

Correspondingly, after excluding the one-time non-recurring IPO expense from other expenses in Q3-2013, other expenses decreased by approximately S\$0.2 million or 6.2% to approximately S\$2.7 million in Q3-2014 from S\$2.9 million in Q3-2013. The decrease in Q3-2014 over Q3-2013 was mainly due to the lower advertising and promotion expenses incurred which was partially offset by the higher rental expense as well as other expenses contributed by the Malaysian Investment.

Profit Before Tax

As a result of the above, profit before income tax decreased by approximately S\$0.3 million or 24.6% to approximately S\$1.1 million in YTD-2014 from approximately S\$1.4 million in YTD-2013. In Q3-2014, the Group derived a profit before tax of approximately S\$0.2 million as compared to a loss before tax of approximately S\$0.7 million in Q3-2013.

Income Tax Expense

Income tax expense decreased by approximately S\$0.3 million or 51.5% to approximately S\$0.3 million in YTD-2014 from approximately S\$0.6 million in YTD-2013 and by approximately S\$0.1 million or 29.2% to approximately S\$0.1 million in Q3-2014 from approximately S\$0.2 million in Q3-2013. The decrease was mainly due to the lower profit derived.

REVIEW OF THE GROUP'S FINANCIAL POSITION

Non-Current Assets

Non-current assets increased by approximately S\$2.4 million or 75.0% to S\$5.6 million as at 30 September 2014 from S\$3.2 million as at 31 December 2013.

This was mainly due to an increase in plant and equipment of approximately S\$0.8 million pursuant to capital expenditure incurred for the launch of new retail outlets in Singapore and the acquired plant and equipment of approximately S\$0.6 million pursuant to the Malaysian Investment as well as the capitalisation of a S\$1.2 million goodwill arising from the Malaysian Investment. The increase was partially offset by the decrease in intangible assets of S\$0.2 million due to the amortisation of lease assignment fees.

Current Assets

Current assets increased by approximately S\$15.1 million or 9.5% to S\$174.3 million as at 30 September 2014 from S\$159.2 million as at 31 December 2013. Of the S\$15.1 million, approximately S\$7.7 million was due to the current assets acquired pursuant to the Malaysian Investment.

The increase in current assets of approximately S\$15.1 million was a result of an increase in inventories and trade and other receivables of S\$3.8 million and S\$12.6 million, respectively. This was partially offset by a decrease in cash and cash equivalents of S\$0.9 million and other assets of S\$0.4 million, respectively. The increase in inventories was due to the opening of new retail outlets in YTD-2014 while the increase in trade and other receivables was mainly due to the increase in pledged loans extended to customers and pursuant to the Malaysian Investment.

Non-Current Liabilities

Non-current liabilities increased by approximately S\$3.7 million mainly due to the drawdown of bank facilities to finance the acquisition of inventories, pledged loans extended to customers and the Malaysian Investment.

Current Liabilities

Current liabilities increased by approximately S\$13.7 million or 13.1% to S\$118.2 million as at 30 September 2014 from S\$104.5 million as at 31 December 2013. Of the S\$13.7 million, approximately S\$9.1 million was due to the current liabilities acquired pursuant to the Malaysian Investment.

The increase in current liabilities of approximately S\$13.7 million was a result of an increase in other financial liabilities, trade and other payables and other liabilities of S\$11.2 million, S\$2.7 million and S\$0.2 million, respectively, partially offset by a decrease in income tax payable of S\$0.4 million. The increase in other financial liabilities was due to the higher usage of bank facilities to finance the pawnshop business and the Malaysian Investment while the increase in trade and other payables was mainly due to the acquired liabilities pursuant to the Malaysian Investment.

Equity Attributable to the Owners of the Company

Equity attributable to the owners of the Company decreased by approximately S\$0.3 million or 0.5% to S\$57.6 million as at 30 September 2014 from S\$57.9 million as at 31 December 2013.

REVIEW OF THE GROUP'S CASHFLOW STATEMENT

In YTD-2014, the net cash generated from operating activities before changes in working capital was approximately S\$4.6 million. Net cash used in working capital amounted to approximately S\$13.1 million. This was due to an increase in inventories and trade and other receivables as well as a decrease in trade and other payables of approximately S\$3.6 million, S\$7.0 million and S\$3.1 million, respectively. This was partially offset by a decrease in other assets and an increase in other liabilities of approximately S\$0.5 million and S\$0.1 million, respectively. The net cash used in operating activities amounted to approximately S\$9.3 million.

Net cash used in investing activities of approximately S\$3.7 million was mainly due to the renovation costs related to the opening of new retail outlets and net cash consideration paid for the Malaysian Investment of approximately S\$2.3 million and S\$1.4 million, respectively.

Net cash generated from financing activities was approximately S\$9.4 million due to proceeds from bank borrowings of approximately S\$12.3 million and this was partially offset by interest paid and dividends paid of approximately S\$1.8 million and S\$1.1 million, respectively.

As a result of the above, there was a net decrease of S\$3.5 million in cash and cash equivalents, from a net cash surplus of approximately S\$3.7 million as at 31 December 2013 to a net cash surplus of approximately S\$0.2 million as at 30 September 2014.

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

No forecast for the financial period ended 30 September 2014 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 Group has continued to execute the strategies as outlined in the Offer Document. The initial completion of the Malaysian Investment took place on 15 August 2014 and the results of Easimine and its subsidiaries have been incorporated into the results for Q3-2014. Pursuant to the Malaysian Investment, 8 pawnshops situated at Seremban, Kapar, Parit Sulong, Pontian, Kulai, Kluang, Masai and Ulu Tiram were added. Together with the 37 retail outlets in Singapore, the enlarged Group now has a network of 45 retail outlets. More new pawnshops will be added into this network through strategic acquisitions and new openings in due course.

Although gold prices had made some modest recovery in the first half of 2014, such gains had been eroded over Q3-2014. Post Q3-2014, gold prices had fallen further to below US\$1,200 per ounce which resulted in an increase in inventories written down in Q3-2014. Volatility in gold prices is expected to continue and coupled with rising staff costs, rental and other operational costs, the Group is expecting that business conditions would remain challenging.

Despite the challenging environment, the Group will continue its multi-pronged strategies of focusing on long-term growth by forming strategic alliances and leveraging on training, branding and operational efficiencies.

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 the effect.

No dividend has been declared/recommended for the nine-month period ended 30 September 2014.

13. INTERESTED PERSON TRANSACTIONS

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii) of the Catalist Rules. However, pursuant to Rule 905 of the Catalist Rules, the following is disclosed:-

Name of Interested Person	Aggregate value of all Interested Person Transactions during the year under Review (excluding transactions less than \$100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 902 of the Catalist Rules)	
	YTD-2014 S\$'000	YTD-2013 S\$'000
Purchases of pre-owned jewellery		
Soo Kee Jewellery	5	229
SK Jewellery Pte Ltd	-	345
Love & Co Pte Ltd	-	2
Sales of gold		
Soo Kee Jewellery	-	114
SK Jewellery Pte Ltd	-	22
Central support services		
Soo Kee Jewellery	135	90
Lease of premises		
Soo Kee Jewellery	260	263
SK Jewellery Pte Ltd	37	68
SK Properties Pte Ltd	162	29
Soo Kee Investment Pte Ltd	407	403
SKC Pte Ltd	-	39
Heng Seng Pte Ltd	72	16
Lim Yong Guan	71	-
	1,149	1,620

14. 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 our knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial statements for the period ended 30 September 2014 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD OF DIRECTORS

Lim Yong Guan
Executive Chairman and Chief Executive Officer

Lim Yong Sheng
Executive Director

11 November 2014