
UNAUDITED SECOND QUARTER AND HALF-YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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.

The 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.

For the purpose of this announcement, the results of the Group for the second quarter ended 30 June 2014 (“**Q2-2014**”) with the comparative results of the Group for the second quarter ended 30 June 2013 (“**Q2-2013**”) and the six-month period ended 30 June 2014 (“**1H-2014**”) with the comparative results of the Group for the six-month period ended 30 June 2013 (“**1H-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.

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					
	Q2-2014 S\$'000	Q2-2013 S\$'000	Change %	1H-2014 S\$'000	1H-2013 S\$'000	Change %
Revenue	15,238	14,197	7.3	34,422	27,343	25.9
Other Items of Income						
Other Credits	175	63	177.8	743	117	535.0
Other Items of Expense						
Material Costs	(9,153)	(9,411)	(2.7)	(22,947)	(17,066)	34.5
Employee Benefits Expense	(2,114)	(1,704)	24.1	(4,121)	(3,100)	32.9
Depreciation and Amortisation Expense	(569)	(291)	95.5	(1,094)	(578)	89.3
Finance Costs	(574)	(565)	1.6	(1,098)	(1,100)	(0.2)
Other Charges	(5)	(190)	(97.4)	(22)	(190)	(88.4)
Other Expenses	(2,615)	(1,843)	41.9	(5,017)	(3,279)	53.0
Profit Before Tax	383	256	49.6	866	2,147	(59.7)
Income Tax Expense	(100)	(82)	22.0	(145)	(392)	(63.0)
Profit Net of Tax	283	174	62.6	721	1,755	(58.9)
Other Comprehensive Income for the Year	-	-	-	-	-	-
Total Comprehensive Income for the Year	283	174	62.6	721	1,755	(58.9)
Attributable to: Equity holders of the Company	283	174	62.6	721	1,755	(58.9)

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					
	Q2-2014 S\$'000	Q2-2013 S\$'000	Change %	1H-2014 S\$'000	1H-2013 S\$'000	Change %
Rental income	(117)	(43)	172.1	(233)	(72)	223.6
Government grants	(44)	-	NM	(200)	(19)	952.6
Depreciation of plant and equipment	519	258	101.2	981	500	96.2
Amortisation of lease assignment fees	50	33	51.5	113	78	44.9
Foreign exchange (gain) / loss	(2)	(20)	(90.0)	1	(20)	(105.0)
Inventories write down reversal	-	-	-	(285)	-	NM
Inventories written down	7	190	(96.3)	21	190	(88.9)

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 June 2014 S\$'000	31 December 2013 S\$'000	30 June 2014 S\$'000	31 December 2013 S\$'000
ASSETS				
<u>Non-Current Assets</u>				
Plant and Equipment	2,900	2,379	-	-
Intangible Assets	335	448	-	-
Investment in Subsidiaries	-	-	49,405	44,405
Deferred Tax Assets	376	376	-	-
Total Non-Current Assets	3,611	3,203	49,405	44,405
<u>Current Assets</u>				
Inventories	17,412	14,113	-	-
Trade and Other Receivables	137,134	133,008	6,500	12,225
Other Assets	3,038	3,433	127	176
Cash and Cash Equivalents	5,638	8,658	28	1,200
Total Current Assets	163,222	159,212	6,655	13,601
Total Assets	166,833	162,415	56,060	58,006
EQUITY AND LIABILITIES				
<u>Equity</u>				
Share Capital	56,144	56,144	56,144	56,144
Retained Earnings / (Accumulated Losses)	1,427	1,767	(387)	1,305
Total Equity	57,571	57,911	55,757	57,449
<u>Non-Current Liabilities</u>				
Other Financial Liabilities	19	25	-	-
Total Non-Current Liabilities	19	25	-	-
<u>Current Liabilities</u>				
Income Tax Payable	645	941	-	-
Trade and Other Payables	8,960	9,723	303	557
Other Financial Liabilities	99,199	93,447	-	-
Other Liabilities	439	368	-	-
Total Current Liabilities	109,243	104,479	303	557
Total Liabilities	109,262	104,504	303	557
Total Equity and Liabilities	166,833	162,415	56,060	58,006
Capital and reserves attributable to equity holders of the Company	57,571	57,911	55,757	57,449

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 June 2014		As at 31 December 2013	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
99,199	-	93,447	-

Amount repayable by the Group after one year

As at 30 June 2014		As at 31 December 2013	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
19	-	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

	Q2-2014 S\$'000	Q2-2013 S\$'000	1H-2014 S\$'000	1H-2013 S\$'000
<u>Cash Flows From Operating Activities</u>				
Profit Before Tax	383	256	866	2,147
Adjustments for:				
Interest Expense	574	565	1,098	1,100
Depreciation of Plant and Equipment	519	258	981	500
Amortisation of Intangible Assets	50	33	113	78
Operating Cash Flows before Changes in Working Capital	1,526	1,112	3,058	3,825
Inventories	(4,895)	(1,592)	(3,299)	(4,803)
Trade and Other Receivables	(3,170)	(2,836)	(4,197)	(3,091)
Other Assets, Current	(11)	38	395	(352)
Trade and Other Payables	(256)	(2,582)	(763)	(4,309)
Other Liabilities	53	26	71	27
Net Cash Flows Used in Operations	(6,753)	(5,834)	(4,735)	(8,703)
Income Taxes Paid	(392)	(572)	(370)	(572)
Net Cash Flows Used in Operating Activities	(7,145)	(6,406)	(5,105)	(9,275)
<u>Cash Flows From Investing Activities</u>				
Purchase of Plant and Equipment	(659)	(397)	(1,505)	(694)
Proceeds from disposal of Plant and Equipment	3	-	3	-
Payment to Ex-shareholders of Subsidiaries Due to the Restructuring Exercise	-	(1,754)	-	(1,754)
Net Cash Flows Used in Investing Activities	(656)	(2,151)	(1,502)	(2,448)
<u>Cash Flows From Financing Activities</u>				
Issue of Shares	-	3,000	-	3,000
Increase from New Borrowings	4,200	4,372	4,500	5,812
Finance Lease Repayments	(3)	(14)	(11)	(41)
Interest Paid	(574)	(565)	(1,098)	(1,100)
Dividends Paid	(1,061)	-	(1,061)	-
Net Cash Flows From Financing Activities	2,562	6,793	2,330	7,671
Net Decrease in Cash and Cash Equivalents	(5,239)	(1,764)	(4,277)	(4,052)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	4,629	(511)	3,667	1,777
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	(610)	(2,275)	(610)	(2,275)

Cash and cash equivalents

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

	As at 30 June 2014 S\$'000	As at 30 June 2013 S\$'000
Cash at bank and in hand	5,638	4,344
Bank overdrafts	(6,248)	(6,619)
Cash and cash equivalents for statement of cash flows purposes	(610)	(2,275)

- 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	Total Equity S\$'000	Share Capital S\$'000	Retained Earnings S\$'000
Balance as at 1 January 2014	57,911	56,144	1,767
Total comprehensive income for the period	721	-	721
Dividends paid	(1,061)	-	(1,061)
Balance as at 30 June 2014	57,571	56,144	1,427
Balance as at 1 January 2013	39,400	31,001	8,399
Issue of share capital	3,000	3,000	-
	42,400	34,001	8,399
Share swap pursuant to the Restructuring Exercise	(39,405)	(31,001)	(8,404)
Issuance of shares pursuant to the acquisition of subsidiaries as part of the Restructuring Exercise	37,651	37,651	-
	40,646	40,651	(5)
Total comprehensive income for the period	1,755	-	1,755
Balance as at 30 June 2013	42,401	40,651	1,750

Company	Total Equity S\$'000	Share Capital S\$'000	Accumulated Losses S\$'000
Balance as at 1 January 2014	57,449	56,144	1,305
Total comprehensive loss for the period	(631)	-	(631)
Dividends paid	(1,061)	-	(1,061)
Balance as at 30 June 2014	55,757	56,144	(387)
Balance as at 1 January 2013	(2)	+	(2)
Issue of share capital	3,000	3,000	-
	2,998	3,000	(2)
Issuance of shares pursuant to the acquisition of subsidiaries as part of the Restructuring Exercise	37,651	37,651	-
	40,649	40,651	(2)
Total comprehensive income for the period	+	-	+
Balance as at 30 June 2013	40,649	40,651	(2)

+ 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 June	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 June 2014 and 30 June 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 June 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 June 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 six-month period ended 30 June 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			
	Q2-2014	Q2-2013	1H-2014	1H-2013
Profit Net of Tax attributable to equity holders of the Company (S\$'000)	283	174	721	1,755
EPS (cents):-				
(a) Based on the weighted average number of ordinary shares ^{(1) (2)}	0.08	0.06	0.20	0.59
(b) On a fully diluted basis ⁽³⁾	0.08	0.06	0.20	0.59

Notes:

- (1) EPS of the Group for Q2-2013 and 1H-2013 have been computed based on pre-IPO share capital of 300,000,000 shares.
- (2) EPS of the Group for Q2-2014 and 1H-2014 have 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 June 2014 and 30 June 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 June 2014	31 December 2013	30 June 2014	31 December 2013
NAV per ordinary share ⁽¹⁾ (cents)	16.27	16.37	15.76	16.24

Note:

- (1) NAV per ordinary share as at 30 June 2014 and as at 31 December 2013 have 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\$7.1 million or 25.9% to approximately S\$34.4 million in 1H-2014 from approximately S\$27.3 million in 1H-2013 and increased by S\$1.0 million or 7.3% to approximately S\$15.2 million in Q2-2014 from approximately S\$14.2 million in Q2-2013, mainly due to higher revenue from the retail and trading of pre-owned jewellery and watches segment as a result of an increase in revenue in the first quarter ended 31 March 2014 ("Q1-2014") from trading pursuant to the higher disposal of pre-owned jewellery and watches that were accumulated and deemed to be unsuitable for retail sales. Improve retail sales in Q2-2014 when gold price recovered modestly also contributed to the higher revenue.

Generally, yields from the trading of pre-owned jewellery and watches are lower than those from retail. Hence, even though revenue in 1H-2014 had increased by 25.9%, gross profit⁽¹⁾ had increased by only 11.7%. The increase in gross profit of 11.7% in 1H-2014 was also buffered by the lesser fluctuations in gold prices in Q2-2014 compared to Q2-2013 when gold prices took a steep fall. Consequently, although revenue increased by only 7.3% in Q2-2014, gross profit increased by 27.1% over the same period.

Other Credits

Other credits increased by approximately S\$0.6 million or 535.0% to approximately S\$0.7 million in 1H-2014 from approximately S\$0.1 million in 1H-2013 and increased by approximately S\$0.1 million or 177.8% to approximately S\$0.2 million in Q2-2014 from approximately S\$0.1 million in Q2-2013, mainly due to a rise in rental income and government grants in aggregate of S\$0.3 million, as well as the reversal in the inventories provision of S\$0.3 million made in the preceding quarter. Further re-assessment of any impairment in inventories was taken up under other charges.

Material Costs

Material costs increased by approximately S\$5.9 million or 34.5% to approximately S\$22.9 million in 1H-2014 from approximately S\$17.1 million in 1H-2013 and had remained relatively stable at approximately S\$9.2 million and S\$9.4 million in Q2-2014 and Q2-2013 respectively. The increase was mainly attributable to the increase in trading activities in Q1-2014 from the retail and trading of pre-owned jewellery and watches segment.

Employee Benefits Expense

Employee benefits expense increased by approximately S\$1.0 million or 32.9% to approximately S\$4.1 million in 1H-2014 from approximately S\$3.1 million in 1H-2013, and increased by approximately S\$0.4 million or 24.1% to approximately S\$2.1 million in Q2-2014 from approximately S\$1.7 million in Q2-2013.

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

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

Depreciation and Amortisation Expense

Depreciation and amortisation expense increased by approximately S\$0.5 million or 89.3% to approximately S\$1.1 million in 1H-2014 from approximately S\$0.6 million in 1H-2013, and increased by approximately S\$0.3 million or 95.5% to approximately S\$0.6 million in Q2-2014 from approximately S\$0.3 million in Q2-2013. 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 in 1H-2014 as compared to 1H-2013.

Finance Costs

Finance costs remained relatively stable in 1H-2014 and 1H-2013 at approximately S\$1.1 million and at approximately S\$0.6 million in Q2-2014 and Q2-2013.

Other Charges

Other charges decreased by approximately S\$0.2 million or 88.4% in 1H-2014 from approximately S\$0.2 million in 1H-2013 and decreased by approximately S\$0.2 million or 97.4% in Q2-2014 from approximately S\$0.2 million in Q2-2013, mainly due to lower amount of inventory written down in Q2-2014 with the lesser fluctuations in gold prices.

Other Expenses

Other expenses increased by approximately S\$1.7 million or 53.0% to approximately S\$5.0 million in 1H-2014 from approximately S\$3.3 million in 1H-2013, and increased by approximately S\$0.8 million or 41.9% to approximately S\$2.6 million in Q2-2014 from approximately S\$1.8 million in Q2-2013. This was mainly due to a rise in advertising and promotion expenses and rental and related costs for the new retail outlets opened.

Profit Before Tax

As a result of the above, profit before income tax decreased by approximately S\$1.3 million or 59.7% to approximately S\$0.9 million in 1H-2014 from approximately S\$2.1 million in 1H-2013 and increased by approximately S\$0.1 million or 49.6% to approximately S\$0.4 million in Q2-2014 from approximately S\$0.3 million in Q2-2013.

Income Tax Expense

Income tax expense decreased by approximately S\$0.3 million or 63.0% to approximately S\$0.1 million in 1H-2014 from approximately S\$0.4 million in 1H-2013 due to the lower profit before tax while income tax expense for Q2-2014 and Q2-2013 remained relatively stable at S\$0.1 million.

REVIEW OF THE GROUP'S FINANCIAL POSITION

Non-Current Assets

Non-current assets increased by approximately S\$0.4 million or 12.7% to S\$3.6 million as at 30 June 2014 from S\$3.2 million as at 31 December 2013. This was mainly due to an increase in plant and equipment of S\$0.5 million pursuant to capital expenditure incurred for the launch of new retail outlets, partially offset by the decrease in intangible assets of S\$0.1 million due to the amortisation of lease assignment fees.

Current Assets

Current assets increased by approximately S\$4.0 million or 2.5% to S\$163.2 million as at 30 June 2014 from S\$159.2 million as at 31 December 2013. This was mainly due to an increase in inventories and trade and other receivables of S\$3.3 million and S\$4.1 million, respectively. This was partially offset by a decrease in cash and cash equivalents of S\$3.0 million and other assets of S\$0.4 million. The acquisition of pre-owned jewellery and watches pursuant to the opening of new retail outlets in 1H-2014 resulted in the increase in inventories while the increase in trade and other receivables was mainly due to the increase in pledged loans extended to customers.

Non-Current Liabilities

Non-current liabilities as at 31 December 2013 and 30 June 2014 were relatively stable at approximately S\$0.1 million.

Current Liabilities

Current liabilities increased by approximately S\$4.8 million or 4.6% to S\$109.2 million as at 30 June 2014 from S\$104.5 million as at 31 December 2013. This was mainly due to an increase in other financial liabilities and other liabilities of S\$5.8 million and S\$0.1 million, respectively, partially offset by a decrease in trade and other payables and income tax payable of S\$0.8 million and S\$0.3 million, respectively. The increase in other financial liabilities was due to the higher usage of bank facilities to finance the pawnshop business while the decrease in trade and other payables was a result of lower purchases on credit term remaining outstanding as at 30 June 2014.

Total Equity

Total equity decreased by approximately S\$0.3 million or 0.6% to S\$57.6 million as at 30 June 2014 from S\$57.9 million as at 31 December 2013 due to the payment in Q2-2014 of ordinary dividends of S\$1.1 million in respect of the previous financial year ended 31 December 2013, partially offset by the profit net of tax of S\$0.7 million in 1H-2014.

REVIEW OF THE GROUP'S CASHFLOW STATEMENT

In 1H-2014, the net cash generated from operating activities before changes in working capital was approximately S\$3.1 million. Net cash used in working capital amounted to approximately S\$7.8 million. This was due to an increase in inventories, trade and other receivables, and a decrease in trade and other payables of approximately S\$3.3 million, S\$4.2 million and S\$0.8 million, respectively. This was partially offset by a decrease in other assets and an increase in other liabilities of approximately S\$0.4 million and S\$0.1 million, respectively. The net cash used in operating activities amounted to approximately S\$5.1 million after deducting income tax paid of approximately S\$0.4 million.

Net cash used in investing activities of approximately S\$1.5 million was due to the renovation costs related to the opening of new retail outlets in 1H-2014.

Net cash generated from financing activities was approximately S\$2.3 million due to proceeds from bank borrowings of approximately S\$4.5 million and this was partially offset by interest paid and dividends paid of approximately S\$1.1 million and S\$1.1 million, respectively.

As a result of the above, there was a net decrease of S\$4.3 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 deficit of approximately S\$0.6 million as at 30 June 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 June 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.**

Against the backdrop of a challenging operating environment and recovery from the sharp fall in gold prices in the last financial year, the Group is continuing to execute its strategies to strengthen its market position and investing in long-term growth.

In line with its strategy, the Group announced on 20 June 2014 that it would invest RM15.63 million for a 51.0% stake in a network of eight Malaysian pawnshops initially as part of a regional expansion plan. The network is targeted to grow substantially within the next few years. The Group sees growth potential in the Malaysian market where operating costs are significantly lower, and the population is substantially larger than that in Singapore.

The Group is also continuing to execute its multi-pronged strategies in Singapore, and has expanded its network to a total of 37 retail outlets as at the date of this announcement (having recently added three new stores at Zhenghua, Ang Mo Kio MRT and Soon Lee Road). The Group will continue to increase allocation of inventories to retail outlets and invest in advertising and promotions to reinforce brand awareness.

Although there has been a modest recovery in gold prices, sustained volatility is expected as a result of geo-political uncertainties around the world. In addition, business conditions are expected to remain challenging in Singapore due to the rise in the costs of rentals, staff costs and other operational costs.

Despite these challenges, the Group will continue to focus on long-term growth, leveraging on its branding, operating systems and processes as well as training and operational efficiencies to attract strategic alliances to establish a footprint in new markets and export its business model overseas.

Barring any unforeseen circumstances and large fluctuations in gold prices, the Group is cautiously optimistic on its financial performance for the current financial 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 the effect.**

No dividend has been declared/recommended for the six-month period ended 30 June 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:-

	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)	
Name of Interested Person	1H-2014 S\$'000	1H-2013 S\$'000
Purchases of pre-owned jewellery		
Soo Kee Jewellery	5	209
SK Jewellery Pte Ltd	-	333
Love & Co Pte Ltd	-	1
Sales of gold		
Soo Kee Jewellery	-	114
SK Jewellery Pte Ltd	-	22
Central support services		
Soo Kee Jewellery	90	45
Lease of premises		
Soo Kee Jewellery	174	176
SK Jewellery Pte Ltd	37	46
SK Properties Pte Ltd	86	19
Soo Kee Investment Pte Ltd	271	268
SKC Pte Ltd	-	39
Heng Seng Pte Ltd	48	-
Lim Yong Guan	35	-
	746	1,272

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 June 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 Director

Lim Yong Sheng
Executive Director

11 August 2014