

UNAUDITED FIRST QUARTER AND THREE-MONTH FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016
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		
	1Q 2016 \$'000	1Q 2015 \$'000	Change %
Revenue	67,339	65,095	3.4
Cost of sales	(60,135)	(58,025)	3.6
Gross profit	7,204	7,070	1.9
Other item of income			
Other operating income	916	582	57.4
Other items of expense			
Marketing and distribution expenses	(101)	(69)	46.4
Administrative expenses	(4,423)	(3,928)	12.6
Finance costs	(138)	(101)	36.6
Other operating expenses	(138)	(863)	(84.0)
Share of results of associates	562	480	17.1
Profit before tax	3,882	3,171	22.4
Income tax expense	(204)	(343)	(40.5)
Profit for the period	3,678	2,828	30.1
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	233	(83)	n.m.
Total comprehensive income for the period	3,911	2,745	42.5
Profit for the period attributable to:			
Owners of the Company	3,498	2,775	26.1
Non-controlling interests	180	53	239.6
	3,678	2,828	30.1
Total comprehensive income for the period attributable to:			
Owners of the Company	3,731	2,692	38.6
Non-controlling interests	180	53	239.6
	3,911	2,745	42.5

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		
	1Q 2016	1Q 2015	Change
	\$'000	\$'000	%
Depreciation of property, plant and equipment	208	265	(21.5)
Inventories recognised as an expense in cost of sales	59,530	57,681	3.2
Operating lease expense	983	912	7.8
Interest expense on loans and borrowings	742	444	67.1
Allowance for doubtful trade receivables	138	864	(84.0)
Net fair value loss on loan from an unrelated party	156	45	246.7
Loss on disposal of property, plant and equipment	100	-	n.m.
Rental income from leasehold property	(236)	(180)	31.1
Interest income	(120)	(154)	(22.1)
Increase in fair value of inventories less point-of-sale costs	(202)	(124)	62.9
Net exchange (gain)/loss	(136)	43	n.m.

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	
	31.03.2016 \$'000	31.12.2015 \$'000	31.03.2016 \$'000	31.12.2015 \$'000
<u>Non-current assets</u>				
Property, plant and equipment	25,790	14,595	47	18
Intangible asset	451	451	-	-
Investment in subsidiaries	-	-	45,946	44,846
Investment in associates	9,216	8,485	1,874	1,874
Other investments	688	688	688	688
Trade receivables	32,873	29,444	-	-
	69,018	53,663	48,555	47,426
<u>Current assets</u>				
Inventories	53,052	45,334	-	-
Trade and other receivables	164,100	161,216	85,130	82,512
Prepaid operating expenses	323	780	48	44
Cash and bank balances	15,546	12,032	-	479
	233,021	219,362	85,178	83,035
Total assets	302,039	273,025	133,733	130,461
<u>Current liabilities</u>				
Trade and other payables	4,352	5,455	326	110
Other liabilities	1,113	2,400	152	855
Interest-bearing loans and borrowings	119,889	102,702	2,392	-
Income tax payable	1,015	1,076	307	234
	126,369	111,633	3,177	1,199
Net current assets	106,652	107,729	82,001	81,836
<u>Non-current liabilities</u>				
Provisions	280	264	-	-
Interest-bearing loans and borrowings	10,370	-	-	-
Deferred tax liabilities	1,423	1,442	30	30
	12,073	1,706	30	30
Total liabilities	138,442	113,339	3,207	1,229
Net assets	163,597	159,686	130,526	129,232
<u>Equity attributable to owners of the Company</u>				
Share capital	78,313	78,313	78,313	78,313
Retained earnings	87,171	83,673	52,213	50,919
Other reserves	(6,275)	(6,508)	-	-
	159,209	155,478	130,526	129,232
Non-controlling interests	4,388	4,208	-	-
Total equity	163,597	159,686	130,526	129,232

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

Amount repayable in one year or less, or on demand

	As at 31 March 16		As at 31 December 15	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Included in trade and other payables	-	3,254	-	3,274
Included in interest-bearing loans and borrowings	114,147	5,742	101,207	1,495
Total	114,147	8,996	101,207	4,769

Amount repayable by the Group after one year

	As at 31 March 16		As at 31 December 15	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Included in interest-bearing loans and borrowings	10,370	-	-	-
Total	10,370	-	-	-

Details of collateral:

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

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	1Q2016 \$'000	1Q2015 \$'000
Operating activities		
Profit before tax	3,882	3,171
Adjustments for:		
Depreciation of property, plant and equipment	208	265
Loss on disposal of property, plant and equipment	100	-
Allowance for doubtful trade receivables	138	864
Interest income	(120)	(154)
Finance costs	742	444
Increase in fair value of inventories less point-of-sale costs	(202)	(124)
Net fair value loss on loan from an unrelated party	156	45
Share of results of associates	(562)	(480)
Unrealised exchange gain	(28)	-
Operating cash flows before changes in working capital	4,314	4,031
<u>Changes in working capital</u>		
Increase in inventories	(7,516)	(3,671)
Increase in trade and other receivables	(6,359)	(7,292)
Decrease in prepaid operating expenses	457	537
Decrease in trade and other payables	(1,103)	(8,793)
Decrease in other liabilities	(1,287)	(345)
Cash flows used in operations	(11,494)	(15,533)
Interest received	120	154
Finance costs	(742)	(444)
Income taxes paid	(284)	(278)
Net cash flows used in operating activities	(12,400)	(16,101)
Investing activities		
Purchase of property, plant and equipment	(11,487)	(79)
Net cash outflow on acquisition of a subsidiary	-	(4,674)
Net cash flows used in investing activities	(11,487)	(4,753)
Financing activities		
Proceeds from interest-bearing loans and borrowings	24,851	5,000
Repayment of interest-bearing loans and borrowings	(1,011)	(37)
Net cash flows generated from financing activities	23,840	4,963
Net decrease in cash and cash equivalents	(47)	(15,891)
Cash and cash equivalents at beginning of period	10,043	36,268
Cash and cash equivalents at end of period	9,996	20,377

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

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Capital reserve	Merger reserve	Foreign currency translation reserve	Retained earnings	Total		
Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2016	78,313	1,984	(7,599)	(893)	83,673	155,478	4,208	159,686
Profit for the period	—	—	—	—	3,498	3,498	180	3,678
Foreign currency translation	—	—	—	233	—	233	—	233
Total comprehensive income for the period	—	—	—	233	3,498	3,731	180	3,911
At 31 March 2016	78,313	1,984	(7,599)	(660)	87,171	159,209	4,388	163,597

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Capital reserve	Merger reserve	Foreign currency translation reserve	Retained earnings	Total		
Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2015	78,313	1,984	(7,599)	(235)	78,323	150,786	4,238	155,024
Profit for the period	—	—	—	—	2,775	2,775	53	2,828
Foreign currency translation	—	—	—	(83)	—	(83)	—	(83)
Total comprehensive income for the period	—	—	—	(83)	2,775	2,692	53	2,745
At 31 March 2015	78,313	1,984	(7,599)	(318)	81,098	153,478	4,291	157,769

Company	Attributable to owners of the Company		
	Share capital \$'000	Retained earnings \$'000	Total equity \$'000
At 1 January 2016	78,313	50,919	129,232
Profit for the period, representing total comprehensive income for the period	–	1,294	1,294
At 31 March 2016	78,313	52,213	130,526
At 1 January 2015	78,313	47,869	126,182
Profit for the period, representing total comprehensive income for the period	–	568	568
At 31 March 2015	78,313	48,437	126,750

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.

There were no changes in the Company's share capital since the end of the previous period reported on.

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.

	31.03.2016	31.03.2015
Total number of issued shares (excluding treasury shares)	533,497,960	533,497,960

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.

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 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 applied the same accounting policies and methods of computation in the financial statements for the current financial period ended as those of the audited financial statements for the financial year ended 31 December 2015, as well as applicable new and revised Financial Reporting Standards ("FRSs") which became effective for financial years beginning on or after 1 January 2016. The adoption of these new and revised FRSs has no material effect on the announcement 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	
	1Q2016	1Q2015
	Cents	Cents
i) Basic earnings per share	0.66	0.52
ii) Diluted earnings per share	0.66	0.52
- Weighted average number of shares ('000)	533,498	533,498

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	
	31.03.2016	31.12.2015	31.03.2016	31.12.2015
Net asset value per ordinary share (cents)	29.84	29.14	24.47	24.22
Number of ordinary shares in issue ('000)	533,498	533,498	533,498	533,498

The number of ordinary shares was based on the number of outstanding shares as at 31 March 2016 and 31 December 2015 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

1Q2016 vs 1Q2015

Revenue

The Group's revenue increased from \$65.1 million in 1Q2015 to \$67.3 million in 1Q2016. Revenue from retail and trading of pre-owned jewellery and gold business increased by \$1.7 million while revenue from pawnbroking remained relatively stable. Revenue contribution from the moneylending business increased by \$0.6 million in 1Q2016.

Cost of sales

The Group's cost of sales increased from \$58.0 million in 1Q2015 to \$60.1 million in 1Q2016. Cost of goods sold for retail and trading of pre-owned jewellery and gold business increased by \$1.8 million, which is in line with the increase in revenue in this segment, while interest cost for both pawnbroking and moneylending increased by \$0.3 million.

Gross profit

Overall gross profit increased by \$0.1 million in 1Q2016 compared with the same period in 1Q2015. Gross profit margin remained relatively stable.

Other operating income

Other operating income was \$0.9 million in 1Q2016 compared with \$0.6 million in 1Q2015. The higher other operating income was mainly due to higher rental income of \$0.2 million and net foreign exchange gain of \$0.1 million in 1Q2016.

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 \$3.9 million in 1Q2015 to \$4.4 million in 1Q2016 was mainly due to the increase in employee benefits expense of \$0.2 million, rental expenses of \$0.1 million and loss on disposal of property, plant and equipment of \$0.1 million. The increase in employee benefits expense was due to the increase in headcount and salary adjustments. Rental expenses increased slightly mainly due to the inclusion of new outlets in the second half of FY2015 as well as revision of rental rates upon renewal of leases.

Other operating expense

Other operating expense comprises allowance for doubtful trade receivables of \$0.1 million in 1Q2016 and \$0.9 million in 1Q2015.

Share of results of associates

The Group's share of results of associates increased from \$0.5 million in 1Q2015 to \$0.6 million in 1Q2016, due to increased contribution from Malaysian associated companies.

Profit before tax

As a result of the above, profit before tax increased by \$0.7 million to \$3.9 million in 1Q2016.

Income tax expense

Income tax expense in 1Q2016 decreased by \$0.1 million, despite the increase in profit before tax, due to the increase in Corporate Income Tax Rebate from 30% in 1Q2015 to 50% in 1Q2016, subject to a cap per entity.

Review of the Group's Financial Position

Non-current assets increased by \$15.3 million from \$53.7 million as at 31 December 2015 to \$69.0 million as at 31 March 2016. The increase comprises increase in trade receivables from the Group's moneylending business of \$3.4 million, property, plant and equipment of \$11.2 million and the share of results of associates for 1Q2016.

Current assets increased by \$13.6 million from \$219.4 million as at 31 December 2015 to \$233.0 million as at 31 March 2016. This was mainly due to increases in inventories of \$7.7 million, trade and other receivables of \$2.9 million and cash and bank balances of \$3.5 million. This was partially offset by the decrease in prepaid operating expenses of \$0.5 million.

Current liabilities increased by \$14.8 million from \$111.6 million as at 31 December 2015 to \$126.4 million as at 31 March 2016 as a result of an increase in interest-bearing loans and borrowings of \$17.2 million. This was partially offset by decreases in trade and other payables of \$1.1 million and other liabilities of \$1.3 million.

Equity comprises share capital, retained earnings, capital reserve, merger reserve and non-controlling interests. Equity attributable to owners of the Company increased from \$155.5 million as at 31 December 2015 to \$159.2 million as at 31 March 2016 mainly due to the increase in retained earnings.

Review of the Group's Cash Flows

In 1Q2016, the net cash used in operating activities was \$12.4 million. This comprises operating cash flows before working capital adjustments of \$4.3 million, adjusted by net working capital outflow of \$15.8 million. In 1Q2016, the Group received interest income of \$0.1 million and paid interest expense and tax of \$0.7 million and \$0.3 million respectively. The net working capital outflow was a result of the increase in inventories and trade and other receivables of \$7.5 million and \$6.4 million respectively, and the decreases in trade and other payables of \$1.1 million and other liabilities of \$1.3 million. These were partially offset by the decrease in prepaid operating expenses of \$0.5 million.

In 1Q2016, the net cash used in investing activities amounted to \$11.5 million comprising the purchase of property, plant and equipment.

The net cash generated from financing activities in 1Q2016 amounted to \$23.8 million arising from proceeds from interest-bearing loans and borrowings of \$24.9 million. This was partially offset by the repayment of interest-bearing loans and borrowings of \$1.1 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 has strengthened since the start of this year from around USD1,060 per ounce to around USD1,260 on 10 May 2016. Meanwhile, keen competition, rising operating costs and uncertain interest rate movements continue to pose challenges to the pawnbroking business.

The Group has completed the acquisition of 11 shop units at Waterloo Centre and expect to relocate our corporate HQ as well as the operation of our moneylending and gold trading businesses there in the second half of 2016. There will also be a new pawnbroking outlet targeting high net worth customers and a flagship jewellery retail outlet at the same premises.

The Group will continue to grow our secured moneylending business based on prudent loan-to-value lending guidelines for property mortgages, and expect the division to increase its contribution towards the Group's profitability in 2016.

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 three-month period ended 31 March 2016.

13. The Group does not have a general mandate from shareholders interest person transactions pursuant to [Rule 920\(1\)\(a\)\(ii\)](#). However, the following interest person transactions were included in the Prospectus, and as such, the transactions are deemed to be under a general mandate pursuant to [Rule 920\(2\)](#) until the next annual general meeting.

	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 Rule 920)	
	YTD-31 Mar 16	YTD-31 Mar 15
	\$'000	\$'000
Sales of goods to a director-related companies		
- Hwa Goldsmith and Jewellers	531	351
- Lucky Jewellery	118	103
- Mei Zhi Jewellery	120	-

The Group has not obtained a general mandate from shareholders from interest person transactions.

14. Use of proceeds

In accordance with the section entitled "Use of Proceeds and Listing Expenses" and as at the date of this announcement, the Company wishes to announce that the net proceeds of approximately \$66.7 million have been utilised as follows:

Use of Proceeds	Amount allocated (as stated in the Prospectus) (\$'million)	Amount utilised as at the date of this announcement (\$'million)	Balance of net proceeds as at the date of this announcement (\$'million)
Expansion of our business ⁽¹⁾	25.0	25.0	-
Working capital purposes ⁽²⁾	41.7	41.7	-
	66.7	66.7	-

- (1) Of the net proceeds allocated for expansion of business:
- (a) \$6.3 million was utilised to increase the share capital of two wholly-owned subsidiaries.
 - (b) \$2.1 million was used for the Group's share of investment in three Malaysian associated companies which were incorporated in November 2013.
 - (c) \$4.5 million was utilised for the acquisition of Tai Eng Pawnbroker Pte Ltd.
 - (d) \$1.0 million was utilised for the acquisition of VM Credit Pte Ltd.
 - (e) \$5.9 million was utilised for the acquisition of Kwong Hin Pawnshop Pte Ltd.
 - (f) \$2.2 million was used to pay the deposits and stamp duties for the purchase of properties for expansion of operations.
 - (g) \$3.0 million was utilised for the acquisition of an additional stake in Ban Lian Pawnshop Pte Ltd.
- (2) Of the net proceeds allocated for working capital purposes, \$26.7 million have been used to reduce the utilisation of bank overdrafts and revolving credit facilities and \$15 million have been utilised on the disbursement of loans by VM Credit Pte Ltd.

15. 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 31 March 2016 to be false or misleading in any material respect.

For and on behalf of the Board

Yeah Hiang Nam
Managing Director

Yeah Lee Ching
Executive Director