



TLV HOLDINGS LIMITED

Company Registration No. 201526542C

**Unaudited First Quarter Financial Statement
For the Financial period Ended 30 June 2016**

*TLV Holdings Limited (the “**Company**”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 17 September 2015. The initial public offering of the Company (the “**IPO**”) was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”).*

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not 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 accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

Background

The Company was incorporated in Singapore on 22 June 2015 under the Companies Act as a private limited company under the name “TLV Holdings Pte. Ltd.”. The Company changed its name to “TLV Holdings Limited” on 21 August 2015 following the conversion into a public limited company.

The Company together with its subsidiaries and associated company (the “**Group**”) were formed pursuant to a restructuring exercise (the “**Restructuring Exercise**”) prior to the listing on the Catalist of the SGX-ST (“**Listing**”) on 17 September 2015. Please refer to the Company’s offer documents (“**Offer Document**”) dated 8 September 2015 for further details on the Restructuring Exercise.

The Company was admitted to the Catalist on 17 September 2015. For the purpose of this announcement, the results of the Group for the first quarter ended 30 June 2016 (“**1Q 2017**”) and the comparative results of the Group for the first quarter ended 30 June 2015 (“**1Q 2016**”) have been prepared on the assumption that the Group structure following the completion of the Restructuring Exercise has been in place since 1 April 2014.

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

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

	Group		Increase/ (Decrease) %
	1Q 2017 (Unaudited) S\$'000	1Q 2016 (Unaudited) S\$'000	
Revenue	27,883	27,543	1
Cost of sales	(20,020)	(18,072)	11
Gross Profit	7,863	9,471	(17)
Other operating income	17	—	nm
Distribution costs	(6,134)	(5,870)	5
Administrative expenses	(1,193)	(1,096)	9
Other operating expenses	(277)	(106)	161
Share of profit of associated company	106	44	141
Finance costs	(59)	(121)	(51)
Profit before tax	323	2,322	(86)
Income tax expense	(48)	(259)	(81)
Profit after tax	275	2,063	(87)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	(3)	(143)	(98)
Total comprehensive income	272	1,920	(86)

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1(a)(ii) Notes to Consolidated Statement of profit or loss and other comprehensive Income

Profit before income tax is arrived after (charging)/crediting the following :

	Group		Increase/ (Decrease) %
	1Q 2017 (Unaudited) S\$'000	1Q 2016 (Unaudited) S\$'000	
Interest income from pawn broking business	217	106	105
Net foreign currency loss	(333)	(69)	383
Gain/(loss) on disposal of fixed assets	1	(2)	nm
Interest expense	(59)	(121)	(51)
Depreciation of fixed assets	(208)	(176)	18
Amortisation of trademark	(35)	(35)	—

nm – not meaningful

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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

	Group		Company	
	30.06.2016	31.03.2016	30.06.2016	31.03.2016
	Unaudited	Audited	Unaudited	Audited
	S\$'000	S\$'000	S\$'000	S\$'000
<u>ASSETS</u>				
Current assets				
Inventories	93,732	96,703	–	–
Trade and other receivables	40,481	46,252	16,408	16,129
Prepayments	187	149	–	7
Cash and bank balances	8,969	12,709	1,267	1,600
Total current assets	143,369	155,813	17,675	17,736
Non-current assets				
Investment in subsidiaries	–	–	82,076	82,076
Investment in associated company	5,278	5,250	–	–
Fixed assets	6,035	5,770	–	–
Trademarks	1,091	1,126	–	–
Non-current other receivables	1,530	1,530	–	–
Total non-current assets	13,934	13,676	82,076	82,076
Total assets	157,303	169,489	99,751	99,812
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Bank borrowings	8,788	8,509	–	–
Hire purchase	106	88	–	–
Trade and other payables	41,580	53,656	304	206
Income tax payable	1,400	1,347	–	–
Total current liabilities	51,874	63,600	304	206
NET CURRENT ASSETS	91,495	92,213	17,371	17,530
Non-current liabilities				
Bank borrowings	2,307	3,047	–	–
Hire purchase	386	329	–	–
Deferred tax liabilities	159	159	–	–
Provision	290	290	–	–
Total non-current liabilities	3,142	3,825	–	–
Total Liabilities	55,016	67,425	304	206
NET ASSETS	102,287	102,064	99,447	99,606
Equity attributable to owners of the Company				
Share capital	96,719	96,719	96,719	96,719
Merger reserve	(64,502)	(64,502)	–	–
Treasury shares	(49)	–	(49)	–
Translation reserve	427	430	–	–
Statutory reserve	55	55	–	–
Retained earnings	69,637	69,362	2,777	2,887
TOTAL EQUITY	102,287	102,064	99,447	99,606

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

Amount repayable in one year or less, or on demand

As at 30.06.2016 (Unaudited)		As at 31.03.2016 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
289	8,605	269	8,328

Amount repayable after one year

As at 30.06.2016 (Unaudited)		As at 31.03.2016 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
749	1,944	737	2,639

Details of any collaterals:

1. Secured bank borrowing of \$0.55 million (31March 2016: \$0.59 million) are secured by first mortgage over a leasehold property owned by a subsidiary of the Group, with the balance being the Group's hire purchase facilities secured against the respective motor vehicles.

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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

	1Q 2017 Unaudited S\$'000	1Q 2016 Unaudited S\$'000
Operating activities		
Profit before tax	323	2,322
Adjustments for:		
Depreciation of fixed assets	208	176
Amortisation of trademarks	35	35
Interest expense	59	121
Share of profit of associated company	(106)	(44)
Unrealised exchange gain	(275)	(762)
(Gain)/loss on disposal of fixed assets	(1)	2
Operating cash flows before movements in working capital	243	1,851
Decrease in trade and other receivables and prepayments	6,034	9,177
Decrease/(increase) in inventories	3,049	(16,405)
(Decrease)/increase in trade and other payables	(12,102)	3,843
Increase in bills payable	608	758
Cash flows used in operations	(2,168)	(776)
Interest paid	(59)	(121)
Income tax refund, net	5	29
Net cash used in operating activities	(2,222)	(868)
Investing Activities		
Proceeds from disposal of fixed assets	26	—
Purchase of fixed assets	(407)	(47)
Net cash used in investing activities	(381)	(47)
Financing activities		
Proceeds from bank borrowings	1,500	3,400
Repayment of bank borrowings	(2,569)	(1,295)
Repayment of hire purchase	(16)	—
Dividends paid	—	(3,000)
Share buyback exercise	(49)	—
Net cash used in financing activities	(1,134)	(895)
Net decrease in cash and cash equivalents	(3,737)	(1,810)
Net effect of exchange rates changes on the balance cash held in foreign currencies	(3)	(55)
Cash and cash equivalents at beginning of the financial period	12,709	6,226
Cash and cash equivalents at end of the financial period	8,969	4,360

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

	Share Capital	Merger reserve	Treasury shares	Foreign currency translation reserve	Retained earnings	Statutory reserve	Total Equity
Group (Unaudited)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 April 2016	96,719	(64,502)	—	430	69,362	55	102,064
Profit for the period	—	—	—	—	275	—	275
<u>Other comprehensive income</u>							
Foreign currency translation	—	—	—	(3)	—	—	(3)
	—	—	—	(3)	275	—	272
<u>Contributions by and distributions to owners</u>							
Share buyback exercise			(49)				(49)
			(49)				(49)
Balance as at 30 June 2016	96,719	(64,502)	(49)	427	69,637	55	102,287

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

	Share Capital	Merger reserve	Foreign currency translation reserve	Retained earnings	Total Equity
Group (Unaudited)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 April 2015	17,574	–	556	63,946	82,076
Profit for the period	–	–	–	2,063	2,063
Other comprehensive income					
Foreign currency translation	–	–	(143)	–	(143)
Total comprehensive income	–	–	(143)	2,063	1,920
Balance as at 30 June 2015	17,574	–	413	66,009	83,996

	Share Capital S\$'000	Retained earnings S\$'000	Treasury Shares S\$'000	Total Equity S\$'000
Company¹(Unaudited)				
As at 1 April 2016	96,719	2,887	–	99,606
Profit for the period	–	(110)	–	(110)
Total comprehensive income	–	(110)	–	(110)
<u>Contributions by owners and distributions by owners</u>				
Share buyback exercise	–	–	(49)	(49)
Balance as at 30 June 2016	96,719	2,777	(49)	99,447

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

	Share Capital S\$'000	Retained earnings S\$'000	Total Equity S\$'000
Company¹(Unaudited)			
Balance as at date of incorporation on 22 June 2015	#	—	#
Balance as at 30 June 2015	#	—	#

1. There are no comparative figures for the Company as at 1 April 2015 as the Company was incorporated on 22 June 2015.

Denotes amount less than \$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 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.**

	Number of Issued Shares
As at 31 March 2016	565,506,000
Shares bought back and held as treasury shares ¹	(400,000)
As at 30 June 2016	565,106,000

Note:

(1) The Company has purchased an aggregate of 400,000 ordinary shares of the Company in May 2016 and June 2016 pursuant to its share buy-back mandate which was approved by the Company's shareholders on 9 March 2016.

The Company did not have any outstanding options or convertibles as at 30 June 2016 and 30 June 2015.

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

	30.06.2016	31.03.2016
Total number of issued shares excluding treasury shares	565,106,000	565,506,000

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

Not applicable. There were no sales, transfers, disposals, cancellations and/or use of treasury shares during the financial period reported on.

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

The figures have not been audited or reviewed by the 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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the financial year as those of the audited combined financial statements for the financial year ended 31 March 2016.

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

The Group adopted a number of new Financial Reporting Standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 April 2016. The adoption of these new standards, amendments to standards and interpretations did not result in any significant impact to the Group's and the Company's financial statements for the current financial period reported on.

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

	Group	
	1Q 2017	1Q 2016
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (S\$'000)	275	2,063
Weighted average number of ordinary shares in issue ('000)	565,373 ¹	492,456
Basic and diluted earnings per share in Singapore cents ²	0.05	0.42

Note:

1. The weighted average number of shares of the Company is calculated based on the adjusted share capital after taking into account of the share buyback in 1Q2017.
2. The basic and diluted earnings per share are the same as there were no potential dilutive ordinary shares existing during the financial period.

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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 period reported on; and (b) Immediately preceding financial year.

	GROUP		COMPANY	
	30.06.2016 Unaudited	31.03.2016 Audited	30.06.2016 Unaudited	31.03.2016 Audited
Net asset value per ordinary share (Singapore cents)	18.10	18.05	17.60	17.61
Number of issued shares (excluding treasury shares) ('000)	565,106	565,506	565,106	565,506

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-

- (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 Income Statement of the Group
Revenue

Our revenue derived from both the retail and pawnbroking business and exhibitions business was as follows:

	GROUP		Change %
	1Q 2017 (Unaudited) \$'000	1Q 2016 (Unaudited) \$'000	
Retail and pawnbroking	15,485	17,556	(12)
Exhibition business	12,398	9,987	24
Total	27,883	27,543	1

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Review of the Income Statement of the Group

Revenue for the exhibition business increased by 24% from \$10.0 million to \$12.4 million, mainly due to an annual major exhibition show which took place in April 2016 during 1Q 2017 when compared to the same exhibition show being held between March and April in 2015, which resulted in lower sales being recorded in 1Q 2016.

Revenue for retail and pawnbroking business decreased by 12% from \$17.5 million to \$15.5 million due to a weaker retail environment.

Based on the above, revenue increased marginally by 1% from \$27.5 million in 1Q 2016 to \$27.9 million in 1Q 2017.

Cost of sales

Cost of sales increased by \$2.0 million or 11% to \$20.0 million in 1Q 2017 mainly due to the different product mix sold in 1Q 2017.

Gross profit and gross profit margin

Gross profit decreased by approximately \$1.6 million or 17% to \$7.9 million in 1Q2017 due to lower gross profit margin recorded in 1Q 2017. Gross profit margin decreased from 34.4% in 1Q 2016 to 28.2% in 1Q 2017 due to higher sales of lower margin products as compared to 1Q 2016.

Distribution costs

Distribution costs increased marginally by approximately \$0.3 million, or 5% to \$6.1 million in 1Q 2017 mainly due to higher rental charges from two new outlets opened in 2Q 2016 and 3Q 2016 which was offset by lower advertising & promotion expenses incurred during the same period.

Administrative expenses

Administrative expenses increased by approximately \$0.1 million to \$1.2 million in 1Q 2017 mainly due to the accrual of directors' fees. No such accrual was made in 1Q 2016 as the Company was listed on 17 September 2015.

Other operating expenses

Other operating expenses increased by approximately \$0.2 million in 1Q 2017 mainly due higher foreign exchange loss incurred during the financial period.

Share of profit of associated company

Share of profit of associated company increased approximately by \$0.1 million in 1Q 2017 due to higher share of profits from our associated company, Globe Diamonds Singapore Pte. Ltd..

Finance costs

Finance costs decreased by \$62,000 or 51% to \$59,000 in 1Q 2017 due to lower bank borrowings and lower interest rates charged by the banks.

Net profit

As a result of the foregoing, the Company's net profit decreased by approximately \$1.8 million to \$0.3 million in 1Q 2017.

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Non-current assets increased by approximately \$0.3 million or 2% from \$13.7 million as at 31 March 2016 to \$13.9 million as at 30 June 2016 due to addition of fixed assets during the financial period.

Current assets

Current assets decreased by approximately \$12.4 million or 8% from approximately \$155.8 million as at 31 March 2016 to approximately \$143.4 million as at 30 June 2016. These were mainly due to a decrease in inventories, trade and other receivables and cash and bank balances.

The decrease in trade and other receivables were due to higher collections during the financial period as compared to the preceding quarter of 4Q2016. The decrease in inventories was due to better inventory control and lower purchases during the financial period.

The decrease in cash and bank balances was mainly due to higher repayment of trade and other payables during the financial period reported on.

Current liabilities

Current liabilities decreased by approximately \$11.8 million or 18% from approximately \$63.6 million as at 31 March 2016 to approximately \$51.9 million as at 30 June 2016. These were mainly due to a decrease in trade and other payables resulting from higher repayments made to suppliers for the settlement of overdue trade payables during the financial period.

Non-current liabilities

Non-current liabilities decreased by approximately \$0.7 million or 18% from \$3.8 million as at 31 March 2016 to \$3.1 million as at 30 June 2016 mainly due to higher repayment of bank borrowings during the financial period, which led to lower bank borrowings.

Working capital

The Group had a positive working capital of approximately \$91.5 million as at 30 June 2016 as compared to approximately \$92.2 million as at 31 March 2016.

Review of the Cash Flow Statement of the Group

Cash and cash equivalents decreased by approximately \$3.7 million or 29% from approximately \$12.7 million as at 31 March 2016 to approximately \$9.0 million as at 30 June 2016.

Net cash from operating activities

In 1Q 2017, we recorded a net cash used in operating activities of \$2.2 million which was a net result of operating cash flow before working capital changes of \$0.2 million, adjusted for working capital outflow of \$2.4 million.

The net working capital outflow of \$2.4 million was mainly due to the following:

- (a) Decrease in trade and other payables of \$12.1 million;
- (b) Increase in bills payable of \$0.6 million;
- (c) Decrease in trade and other receivables and prepayment of \$6.0 million; and
- (d) Decrease in inventories of \$3.1 million.

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Net cash from investing activities

Net cash used in investing activities amounted to \$0.4 million, which was mainly attributable to payment for purchase of fixed assets.

Net cash from financing activities

Net cash used in financing activities amounted to \$1.1 million was mainly due to net repayment of bank 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

Not applicable. No forecast or prospect statements has been previously disclosed to shareholders.

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.

In light of global economic uncertainties, consumer and business sentiments are expected to remain cautious in the year ahead. The jewellery industry continues to be challenging this year on the back of a volatile macroeconomic environment coupled with rising operating costs and stiff competition. The Group will focus on a proactive approach in penetrating the global market, in products and brand development and improve its operational efficiency.

11. Dividend

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

None.

(b) Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared/ recommended for the current financial period reported on.

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

There were no other IPT of \$100,000 and above for the current financial period reported on.

The Group does not have a general mandate from shareholders for IPTs.



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14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that it has procured undertakings from all of its directors and executive officers in the required format.

15. Negative Confirmation of Interim Financial Results
Pursuant to Rule 705(5) of the Catalist Listing Manual

The Board of Directors of the Company confirms that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Company and the Group for the first quarter ended 30 June 2016 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD
TLV Holdings Limited

Teo Boon Leng
Managing Director
12 August 2016