

UNAUDITED FIRST QUARTER AND THREE-MONTH FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015
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 2015 \$'000	1Q 2014 \$'000	Change %
Revenue	65,095	91,399	(28.8)
Cost of sales	(58,025)	(85,035)	(31.8)
Gross profit	7,070	6,364	11.1
Other item of income			
Other operating income	582	394	47.7
Other items of expense			
Marketing and distribution expenses	(69)	(96)	(28.1)
Administrative expenses	(3,928)	(3,401)	15.5
Finance costs	(101)	(67)	50.7
Other operating expenses	(863)	(553)	56.1
Share of results of associates	480	565	(15.0)
Profit before tax	3,171	3,206	(1.1)
Income tax expense	(343)	(217)	58.1
Profit for the period, representing total comprehensive income for the period	2,828	2,989	(5.4)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	(83)	4	n.m
Total comprehensive income for the period	2,745	2,993	(8.3)
Profit for the period attributable to:			
Owners of the Company	2,775	2,885	(3.8)
Non-controlling interests	53	104	(49.0)
	2,828	2,989	(5.4)
Total comprehensive income for the period attributable to:			
Owners of the Company	2,692	2,889	(6.8)
Non-controlling interests	53	104	(49.0)
	2,745	2,993	(8.3)

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 2015	1Q 2014	Change
	\$'000	\$'000	%
Depreciation of property, plant and equipment	265	155	71.0
Inventories recognised as an expense in cost of sales	57,681	84,745	(31.9)
Operating lease expense	912	801	13.9
Interest expense on loans and borrowings	444	358	24.0
Allowance for doubtful trade receivables	864	553	56.2
Net fair value loss on loan from an unrelated party	45	104	(56.7)
Rental income from leasehold property	(180)	(106)	69.8
Interest income on loans and receivables	(154)	(66)	133.3
Increase in fair value of inventories less point-of-sale costs	(124)	(326)	(62.0)

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	
	31.03.2015 \$'000	31.12.2014 \$'000	31.03.2015 \$'000	31.12.2014 \$'000
<u>Non-current assets</u>				
Property, plant and equipment	12,281	7,758	24	25
Intangible assets	451	43	-	-
Investment in subsidiaries	-	-	43,746	36,886
Investment in associates	8,181	7,769	1,874	1,874
Other investments	701	701	701	701
Trade receivables	19,121	-	-	-
	40,735	16,271	46,345	39,486
<u>Current assets</u>				
Inventories	48,309	44,246	-	-
Trade and other receivables	141,465	151,297	78,818	72,700
Prepaid operating expenses	448	957	61	39
Cash and bank balances	23,286	37,098	1,997	14,939
	213,508	233,598	80,876	87,678
Total assets	254,243	249,869	127,221	127,164
<u>Current liabilities</u>				
Trade and other payables	5,724	12,268	220	242
Other liabilities	1,354	1,668	144	589
Interest-bearing loans and borrowings	86,193	78,919	-	-
Income tax payable	1,009	933	103	147
	94,280	93,788	467	978
Net current assets	119,228	139,810	80,409	86,700
<u>Non-current liabilities</u>				
Provisions	264	264	-	-
Interest-bearing loans and borrowings	600	-	-	-
Deferred tax liabilities	1,330	793	4	4
	2,194	1,057	4	4
Total liabilities	96,474	94,845	471	982
Net assets	157,769	155,024	126,750	126,182
<u>Equity attributable to owners of the Company</u>				
Share capital	78,313	78,313	78,313	78,313
Retained earnings	81,098	78,323	48,437	47,869
Other reserves	(5,933)	(5,850)	-	-
	153,478	150,786	126,750	126,182
Non-controlling interests	4,291	4,238	-	-
Total equity	157,769	155,024	126,750	126,182

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 15		As at 31 December 14	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Included in trade and other payables	-	3,274	-	3,524
Included in interest-bearing loans and borrowings	84,567	1,626	77,338	1,581
Total	84,567	4,900	77,338	5,105

Amount repayable by the Group after one year

	As at 31 March 15		As at 31 December 14	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Included in interest-bearing loans and borrowings	600	-	-	-

Details of collateral:

- A fixed and floating charge on all assets of certain subsidiaries, legal mortgages over three properties and personal guarantees by certain directors of the Company and its 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	1Q2015 \$'000	1Q2014 \$'000
Operating activities		
Profit before tax	3,171	3,206
Adjustments for:		
Depreciation of property, plant and equipment	265	155
Allowance for doubtful trade receivables	864	553
Interest income	(154)	(66)
Finance costs	444	358
Increase in fair value of inventories less point-of-sale costs	(124)	(326)
Net fair value loss on financial liability at fair value through profit or loss	45	104
Share of results of associates	(480)	(565)
Operating cash flows before changes in working capital	4,031	3,419
<u>Changes in working capital</u>		
Increase in inventories	(3,671)	(1,194)
(Increase)/decrease in trade and other receivables	(7,292)	1,639
Decrease in prepaid operating expenses	537	320
Decrease in trade and other payables	(8,793)	(1,809)
Decrease in other liabilities	(345)	(690)
Cash flows (used in)/ generated from operations	(15,533)	1,685
Interest received	154	66
Finance costs	(444)	(358)
Income taxes (paid)/refunded	(278)	387
Net cash flows (used in)/generated from operating activities	(16,101)	1,780
Investing activities		
Purchase of property, plant and equipment	(79)	(149)
Net cash outflow on acquisition of a subsidiary	(4,674)	–
Net cash flows used in investing activities	(4,753)	(149)
Financing activities		
Proceeds from short-term bank borrowings	5,000	–
Repayment of short-term bank borrowings	(37)	(3,000)
Repayment of obligations under finance leases	–	(1)
Net cash flows generated from/(used in) financing activities	4,963	(3,001)
Net decrease in cash and cash equivalents	(15,891)	(1,370)
Cash and cash equivalents at beginning of period	36,268	45,514
Cash and cash equivalents at end of period	20,377	44,144

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					Total	Non-controlling interests	Total equity
	Share capital	Capital reserve	Merger reserve	Foreign currency translation reserve	Retained earnings			
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

	Attributable to owners of the Company					Total	Non-controlling interests	Total equity
	Share capital	Capital reserve	Merger reserve	Foreign currency translation reserve	Retained earnings			
Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2014	78,313	1,984	(7,599)	(142)	74,024	146,580	4,143	150,723
Profit for the period	—	—	—	—	2,885	2,885	104	2,989
Foreign currency translation	—	—	—	4	—	4	—	4
Total comprehensive income for the period	—	—	—	4	2,885	2,889	104	2,993
At 31 March 2014	78,313	1,984	(7,599)	(138)	76,909	149,469	4,247	153,716

Company	Attributable to owners of the Company		
	Share capital \$'000	Retained earnings \$'000	Total equity \$'000
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
At 1 January 2014	78,313	44,681	122,994
Profit for the period, representing total comprehensive income for the period	–	203	203
At 31 March 2014	78,313	44,884	123,197

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.

	31.03.2015	31.03.2014
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 2014, as well as applicable new and revised Financial Reporting Standards ("FRSs") which became effective for financial years beginning on or after 1 January 2015. 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	
	1Q2015	1Q2014
	Cents	Cents
i) Basic earnings per share	0.52	0.54
ii) Diluted earnings per share	0.52	0.54
- 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	
	31.03.2015	31.12.2014	31.03.2015	31.12.2014
Net asset value per ordinary share (cents)	28.77	28.26	23.76	23.65
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 2015 and 31 December 2014.

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

1Q2015 vs 1Q2014

Revenue

The Group's revenue decreased from \$91.4 million in 1Q2014 to \$65.1 million in 1Q2015. The decrease in revenue was due to the \$26.9 million decline in sales from the retail and trading of pre-owned jewellery and gold business. This was partially offset by the increase in revenue from the pawnbroking business of \$0.2 million and the contribution of \$0.4 million from the moneylending business.

Cost of sales

The Group's cost of sales decreased from \$85.0 million in 1Q2014 to \$58.0 million in 1Q2015. The decrease was in line with the decline in revenue.

Gross profit

Gross profit increased by \$0.7 million or 11.1% due mainly to contribution from the pawnbroking and the moneylending businesses which have higher gross margins. Gross margin improved from 7.0% in 1Q2014 to 10.9%.

Other operating income

Other operating income was \$0.6 million in 1Q2015 compared with \$0.4 million in 1Q2014. The higher other operating income was mainly due to higher rental and interest income of \$0.2 million each in 1Q2015 compared with \$0.1 million each in 1Q2014.

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 \$3.4 million in 1Q2014 to \$3.9 million in 1Q2015 was mainly due to the increase in employee benefits expense of \$0.3 million, rental expenses of \$0.1 million and depreciation expense of \$0.1 million. The increase in employee benefits expense was due to the increase in headcount and salary adjustments. Rental expenses increased mainly due to the inclusion of the leases for Punggol MRT, Yishun and Bukit Batok outlets which commenced between February and March 2014 as well as revision in rental rates upon renewal of leases.

Other operating expense

Other operating expense comprises allowance for doubtful trade receivables of \$0.9 million in 1Q2015 compared with \$0.6 million in 1Q2014.

Share of results of associates

The Group's share of results of associates decreased from \$0.6 million in 1Q2014 to \$0.5 million in 1Q2015 mainly as a result of lower contribution from the Singapore associates.

Profit before tax

As a result of the above, profit before tax remained stable at about \$3.2 million in 1Q2015.

Income tax expense

Income tax expense in 1Q2015 increased by \$0.1 million due to lower tax rebates and incentives in 1Q2015.

Review of the Group's Financial Position

Non-current assets increased by \$24.4 million from \$16.3 million as at 31 December 2014 to \$40.7 million as at 31 March 2015. The increase comprises increase in trade receivables of \$19.1 million from the Group's moneylending business, increase in property, plant and equipment of \$4.5 million and the share of results of associates for 1Q2015.

Current assets decreased by \$20.1 million from \$233.6 million as at 31 December 2014 to \$213.5 million as at 31 March 2015. This was mainly due to decreases in trade and other receivables of \$9.8 million, prepaid operating expenses of \$0.5 million and cash and cash equivalents of \$13.8 million. This was partially offset by the increase in inventories of \$4.0 million.

Current liabilities increased by \$0.5 million from \$93.8 million as at 31 December 2014 to \$94.3 million as at 31 March 2015 as a result of increases in interest-bearing loans and borrowings of \$7.3 million. This was partially offset by decreases in trade and other payables of \$6.5 million and other liabilities of \$0.3 million.

Equity comprises share capital, retained earnings, capital reserve, merger reserve and non-controlling interests. Equity attributable to owners of the Company increased from \$150.8 million as at 31 December 2014 to \$153.5 million as at 31 March 2015 mainly due to the increase in retained earnings.

Review of the Group's Cash Flows

In 1Q2015, the net cash used in operating activities was \$16.1 million. This comprises operating cash flows before working capital adjustments of \$4.0 million, adjusted by net working capital outflow of \$19.6 million. In 1Q2014, the Group received interest income of \$0.2 million, and paid interest expense and tax of \$0.4 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 \$3.7 million and \$7.3 million respectively, and the decreases in trade and other payables of \$8.8 million and other liabilities of \$0.3 million. These were partially offset by the decrease prepaid operating expenses of \$0.5 million.

In 1Q2015, the net cash used in investing activities amounted to \$4.8 million comprising net cash outflow on acquisition of a subsidiary of \$4.7 million and the purchase of property, plant and equipment of \$0.1 million.

The net cash generated from financing activities in 1Q2015 amounted to \$5.0 million arising from proceeds from short-term bank borrowings.

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

Not applicable.

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.

The business environment will continue to be challenging with the generally expected rise in interest rates in FY2015 coupled with increasing competition in the industry and rising operating costs. The Group will continue to seek opportunities to grow businesses both in Singapore and overseas.

The Group has seen steady growth in its moneylending business since the acquisition of VM Credit Pte Ltd in September 2014. In addition to the secured moneylending business, on 24 March 2015 the Group announced its intention to expand its moneylending business to include unsecured lending targeted at individuals with high annual income and/or high net worth who require loans for business/commercial reasons. The Group expects to see continued growth in its moneylending business.

11. Dividend

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

No.

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

No.

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

No dividend has been declared for the three-month period ended 31 March 2015.

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 15	YTD-31 Mar 14
	\$'000	\$'000
Sales of goods to a director-related companies		
- Hwa Goldsmith and Jewellers	351	431
- Lucky Jewellery	103	112

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 \$66.3 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	16.6	8.4
Working capital purposes ⁽²⁾	41.7	41.7	-
	66.7	58.3	8.4

⁽¹⁾ Of the net proceeds allocated for expansion of business:

- (a) \$3.1 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.
- (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.

The Company will make further periodic announcements on the use of the balance net proceeds from the Invitation as and when the funds are materially disbursed.

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 2015 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