

**UNAUDITED FIRST QUARTER AND THREE-MONTH FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD
 ENDED 31 MARCH 2019**
**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		
	1Q2019	1Q2018	Change
	\$'000	\$'000	%
Revenue	50,202	57,159	(12.2)
Cost of sales	(38,424)	(44,943)	(14.5)
Gross profit	11,778	12,216	(3.6)
Other item of income			
Other operating income	919	1,265	(27.4)
Other items of expense			
Marketing and distribution expenses	(163)	(207)	(21.3)
Administrative expenses	(6,254)	(5,611)	11.5
Finance costs	(923)	(934)	(1.2)
Other operating expenses	(72)	(502)	(85.7)
Share of results of associates	1,038	816	27.2
Profit before tax	6,323	7,043	(10.2)
Income tax expense	(590)	(687)	(14.1)
Profit for the period	5,733	6,356	(9.8)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	91	171	(46.8)
Total comprehensive income for the period	5,824	6,527	(10.8)
Profit for the period attributable to:			
Owners of the Company	5,571	6,185	(9.9)
Non-controlling interests	162	171	(5.3)
	5,733	6,356	(9.8)
Total comprehensive income for the period attributable to:			
Owners of the Company	5,662	6,356	(10.9)
Non-controlling interests	162	171	(5.3)
	5,824	6,527	(10.8)

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		
	1Q2019	1Q2018	Change
	\$'000	\$'000	%
Depreciation of property, plant and equipment	452	444	1.8
Inventories recognised as an expense in cost of sales	36,766	43,923	(16.3)
Operating lease expense	214	1,056	(95.4)
Interest expense on loans and borrowings	2,634	1,943	35.6
Allowance for expected credit losses	72	94	(23.4)
Write back of allowance for write-down of inventories	–	(150)	n.m.
Net fair value (gain)/loss on loan from an unrelated party	(53)	10	n.m.
Net exchange gain	(29)	(24)	20.8
Increase in fair value of inventories less point-of-sale costs	(10)	(14)	(28.6)
Rental income from leasehold property	(306)	(255)	20.0
Interest income	(178)	(161)	10.6
Amortisation of intangible assets	–	95	n.m.
Amortisation of right-of-use assets	980	–	n.m.
Goodwill written off	–	408	n.m.

n.m.: 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	
	31.03.2019 \$'000	31.12.2018 \$'000	31.03.2019 \$'000	31.12.2018 \$'000
<u>Non-current assets</u>				
Property, plant and equipment	28,690	29,071	113	129
Intangible assets	6,863	43	–	–
Investment in subsidiaries	–	–	64,470	66,370
Investment in associates	16,979	15,811	1,002	1,002
Other investments	688	688	688	688
Trade and other receivables	98,741	109,486	–	–
	151,961	155,099	66,273	68,189
<u>Current assets</u>				
Inventories	67,051	64,050	–	–
Trade and other receivables	273,638	263,455	151,390	147,922
Prepaid operating expenses	626	551	69	54
Cash and bank balances	9,595	10,204	1,725	664
	350,910	338,260	153,184	148,640
Total assets	502,871	493,359	219,457	216,829
<u>Current liabilities</u>				
Trade and other payables	4,763	9,504	19,697	17,510
Other liabilities	3,222	4,310	1,519	1,688
Lease liabilities	2,383	–	–	–
Interest-bearing loans and borrowings	217,990	215,045	–	–
Income tax payable	2,951	2,998	260	261
	231,309	231,857	21,476	19,459
Net current assets	119,601	106,403	131,708	129,181
<u>Non-current liabilities</u>				
Other payables	36	39	–	–
Provisions	365	365	–	–
Deferred tax liabilities	1,933	1,948	15	15
Lease liabilities	4,454	–	–	–
Interest-bearing loans and borrowings	61,503	61,703	49,786	49,760
	68,291	64,055	49,801	49,775
Total liabilities	299,600	295,912	71,277	69,234
Net assets	203,271	197,447	148,180	147,595
<u>Equity attributable to owners of the Company</u>				
Share capital	78,313	78,313	78,313	78,313
Treasury shares	(26)	(26)	(26)	(26)
Retained earnings	126,638	121,067	69,893	69,308
Other reserves	(6,348)	(6,439)	–	–
	198,577	192,915	148,180	147,595
Non-controlling interests	4,694	4,532	–	–
Total equity	203,271	197,447	148,180	147,595

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 2019		As at 31 December 2018	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Included in trade and other payables	–	3,456	–	3,413
Included in interest-bearing loans and borrowings	211,797	6,193	208,803	6,242
Total	211,797	9,649	208,803	9,655

Amount repayable after one year

	As at 31 March 2019		As at 31 December 2018	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Included in interest-bearing loans and borrowings	11,717	49,786	11,943	49,760
Total	11,717	49,786	11,943	49,760

Details of collateral:

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

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	1Q2019 \$'000	1Q2018 \$'000
Operating activities		
Profit before tax	6,323	7,043
Adjustments for:		
Depreciation of property, plant and equipment	452	444
Amortisation of right-of-use assets	980	–
Amortisation of intangible assets	–	95
Goodwill written off	–	408
Allowance for expected credit losses	72	94
Interest income	(178)	(161)
Finance costs	2,634	1,943
Increase in fair value of inventories less point-of-sale costs	(10)	(14)
Write back of allowance for write-down of inventories	–	(150)
Net fair value (gain)/loss on loan from an unrelated party	(53)	10
Share of results of associates	(1,038)	(816)
Unrealised exchange gain	(38)	(149)
Operating cash flows before changes in working capital	9,144	8,747
<u>Changes in working capital</u>		
(Increase)/decrease in inventories	(2,991)	6,445
Decrease/(increase) in trade and other receivables	490	(22,971)
(Increase)/decrease in prepaid operating expenses	(75)	643
Decrease in trade and other payables	(4,744)	(614)
Decrease in other liabilities	(1,088)	(737)
Cash flows from/(used in) operations	736	(8,487)
Interest received	178	161
Finance costs paid	(2,609)	(1,886)
Income taxes paid	(652)	(603)
Net cash flows used in operating activities	(2,347)	(10,815)
Investing activities		
Purchase of property, plant and equipment	(71)	(135)
Net cash flows used in investing activities	(71)	(135)
Financing activities		
Proceeds from interest-bearing loans and borrowings	4,020	9,586
Repayment of interest-bearing loans and borrowings	(1,230)	(1,167)
Payment of lease liabilities	(963)	–
Net cash flows generated from financing activities	1,827	8,419
Net decrease in cash and cash equivalents	(591)	(2,531)
Cash and cash equivalents at beginning of period	9,128	3,292
Cash and cash equivalents at end of period	8,537	761

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	Treasury shares	Capital reserve	Merger reserve	Foreign currency translation reserve	Retained earnings			
Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2019	78,313	(26)	1,984	(7,599)	(824)	121,067	192,915	4,532	197,447
Profit for the period	–	–	–	–	–	5,571	5,571	162	5,733
Foreign currency translation	–	–	–	–	91	–	91	–	91
Total comprehensive income for the period	–	–	–	–	91	5,571	5,662	162	5,824
At 31 March 2019	78,313	(26)	1,984	(7,599)	(733)	126,638	198,577	4,694	203,271

	Attributable to owners of the Company						Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital reserve	Merger reserve	Foreign currency translation reserve	Retained earnings			
Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2018	78,313	(26)	1,984	(7,599)	(884)	107,496	179,284	4,523	183,807
Profit for the period	–	–	–	–	–	6,185	6,185	171	6,356
Foreign currency translation	–	–	–	–	171	–	171	–	171
Total comprehensive income for the period	–	–	–	–	171	6,185	6,356	171	6,527
At 31 March 2018	78,313	(26)	1,984	(7,599)	(713)	113,681	185,640	4,694	190,334

Company	Attributable to owners of the Company			
	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Total equity \$'000
At 1 January 2019	78,313	(26)	69,308	147,595
Profit for the period, representing total comprehensive income for the period	–	–	585	585
At 31 March 2019	78,313	(26)	69,893	148,180
At 1 January 2018	78,313	(26)	60,203	138,490
Profit for the period, representing total comprehensive income for the period	–	–	570	570
At 31 March 2018	78,313	(26)	60,773	139,060

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.

The Company's issued and fully paid up shares as at 31 March 2019 comprised 533,397,960 (31 March 2018: 533,397,960) ordinary shares and 100,000 (31 March 2018: 100,000) treasury shares.

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.

	31.03.2019	31.12.2018
Total number of issued shares	533,497,960	533,497,960
Less: Treasury shares	(100,000)	(100,000)
Total number of issued shares excluding treasury shares	533,397,960	533,397,960

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.

Treasury Shares	No. of shares	S\$'000
Balance as at 31/12/2018	100,000	26
No. of shares purchased	–	–
Balance as at 31/03/2019	100,000	26

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 2018, as well as applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") which became effective for financial years beginning on or after 1 January 2019. The adoption of these new and revised SFRS(I) has no material effect on the announcement for the current financial period except for adoption of SFRS(I) 16 *Leases* where the Group has applied a simplified transition approach and will follow a modified retrospective approach as of 1 January 2019. The Group has recognised right-of-use assets and lease liabilities of \$7.8 million for its leases previously classified as operating leases as of 1 January 2019.

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	
	1Q2019	1Q2018
	Cents	Cents
i) Basic earnings per share	1.04	1.16
ii) Diluted earnings per share	1.04	1.16
- Weighted average number of shares ('000)	533,398	533,398

The calculation of basic earnings per share for 1Q ended 31 March 2019 is based on the net profit attributable to shareholders for the 1Q ended 31 March 2019 divided by the weighted average number of ordinary shares outstanding of 533,398,000.

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	
	31.03.2019	31.12.2018	31.03.2019	31.12.2018
Net asset value per ordinary share (cents)	37.23	36.17	27.78	27.67
Number of ordinary shares in issue ('000)	533,398	533,398	533,398	533,398

The number of ordinary shares was based on the number of outstanding shares as at 31 March 2019 and 31 December 2018 respectively, excluding treasury 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

1Q2019 vs 1Q2018

Revenue

The Group's revenue decreased from \$57.2 million in 1Q2018 to \$50.2 million in 1Q2019. Revenue from retail and trading of jewellery and gold business decreased by \$7.8 million while revenue from pawnbroking and the moneylending business increased by \$0.4 million each respectively in 1Q2019.

Cost of sales

The Group's cost of sales decreased from \$44.9 million in 1Q2018 to \$38.4 million in 1Q2019. Cost of goods sold for retail and trading of pre-owned jewellery and gold business decreased by \$7.2 million, which is in line with the decrease in revenue in this segment, while interest cost for the pawnbroking and moneylending business increased by \$0.4 million and \$0.3 million respectively.

Gross profit

Overall gross profit decreased by \$0.4 million in 1Q2019 compared with the same period in 1Q2018 in line with the decrease in revenue. However due to the increase in contributions from the pawnbroking and moneylending business segments, margins improved from 21.4% in 1Q2018 to 23.5% in 1Q2019.

Other operating income

Other operating income was \$0.9 million in 1Q2019 compared with \$1.3 million in 1Q2018. The lower other operating income was due to the decrease in facility fees income from the moneylending business of \$0.2 million and unrealised exchange gain of \$0.2 million in the previous period.

Administrative expenses

Administrative expenses comprise mainly employee benefits expense, rental expenses, depreciation and amortisation expenses, legal and professional fees and insurance premiums. The increase in administrative expenses from \$5.6 million in 1Q2018 to \$6.3 million in 1Q2019 was mainly due to the amortisation of right-of-use assets of \$1.0 million and the increase in employee benefits expense of \$0.4 million, which were partially offset by the decrease in rental expense of \$0.8 million. The amortisation of right-of-use assets and the decrease in rental expense was due to the adoption of SFRS(I) 16 Leases which resulted in the recognition of right-of-use assets which is amortised over time, and the reclassification of \$1.0 million of rental expenses as payment of lease liabilities.

Other operating expense

Other operating expenses comprise mainly of allowance for expected credit losses of \$0.1 million in 1Q2019.

Share of results of associates

The Group's share of results of associates increased from \$0.8 million in 1Q2018 to \$1.0 million in 1Q2019, due to increased contribution from Malaysian associated companies.

Profit before tax

As a result of the above, profit before tax decreased by \$0.7 million to \$6.3 million in 1Q2019.

Income tax expense

Income tax expense decreased by \$0.1 million in 1Q2019, which is in line with the decrease in profit.

Review of the Group's Financial Position

Non-current assets decreased by \$3.1 million from \$155.1 million as at 31 December 2018 to \$152.0 million as at 31 March 2019. The decrease comprises decrease in trade and other receivables of \$10.7 million and property, plant and equipment of \$0.4 million. These were offset by increases in intangible assets of \$6.8 million and investment in associates of \$1.2 million. The increase in intangible assets was due to the recognition of right-of-use assets amounting to \$7.8 million upon the Group's adoption of SFRS(I) 16 *Leases*.

Current assets increased by \$12.6 million from \$338.3 million as at 31 December 2018 to \$350.9 million as at 31 March 2019. This was mainly due to increases in trade and other receivables of \$10.2 million and inventories of \$3.0 million. This was partially offset by the decrease in cash and bank balances of \$0.6 million.

Current liabilities decreased by \$0.6 million from \$231.9 million as at 31 December 2018 to \$231.3 million as at 31 March 2019 as a result of decreases in trade and other payables of \$4.8 million and other liabilities of \$1.1 million. This was partially offset by the increases in loans and borrowings of \$2.9 million and lease liabilities of \$2.4 million due to the recognition of lease liabilities upon the Group's adoption of SFRS(I) 16.

Non-current liabilities increased by \$4.2 million from \$64.1 million as at 31 December 2018 to \$68.3 million as at 31 March 2019 mainly due to the increase in lease liabilities of \$4.4 million arising from the recognition of lease liabilities upon the Group's adoption of SFRS(I) 16. This was partially offset by a decrease in loans and borrowings of \$0.2 million.

Equity comprises share capital, treasury shares, retained earnings, capital reserve, merger reserve, foreign currency translation reserve and non-controlling interests. Equity attributable to owners of the Company increased from \$192.9 million as at 31 December 2018 to \$198.6 million as at 31 March 2019 mainly due to the increase in retained earnings.

Review of the Group's Cash Flows

1Q2019 vs 1Q2018

In 1Q2019, the net cash used in operating activities was \$2.3 million. This comprises operating cash inflows before working capital adjustments of \$9.1 million, adjusted by net working capital outflow of \$8.4 million. In 1Q2019, the Group received interest income of \$0.2 million, with interest expense paid of \$2.6 million and net income tax paid of \$0.7 million respectively. The net working capital outflow was a result of an increase in inventories of \$3.0 million, decreases in trade and other payables and other liabilities of \$4.8 million and \$1.1 million respectively. These were partially offset by the decrease in trade and other receivables of \$0.5 million.

In 1Q2019, the net cash used in investing activities amounted to \$0.1 million comprising net cash outflow from the purchase of property, plant and equipment of \$0.1 million.

The net cash generated from financing activities in 1Q2019 amounted to \$1.8 million comprising the net proceeds from interest-bearing loans and borrowings of \$2.8 million which is partially offset by payment of lease liabilities of \$1.0 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.

Since the last results announcement on 20 February 2019, gold price rose above USD1,340 per ounce before declining to around USD1,280 per ounce. The pawnbroking business continues to face challenges from keen competition, rising operating costs and uncertain interest rate movements.

The Group will continue to grow its moneylending business as well as explore acquisition opportunities to expand our network of pawnbroking and retail outlets.

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 and the reason(s) for not declaring a dividend.

No dividend has been declared for the three-month period ended 31 March 2019 as it is the Company's policy to consider declaring a final dividend after the end of each financial year.

13. Interested Person Transactions

The Group has obtained a general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 25 April 2018. During the financial period, the following interested person transactions were entered into by the Group:

	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	
	YTD-31 March 2019	YTD-31 March 2018
	\$'000	\$'000
Sales of goods to director-related companies		
- Hwa Goldsmith and Jewellers	270	305
- Lucky Jewellery	331	314
Purchase of goods from director-related companies		
- Mei Zhi Jewellery	14	136

14. Confirmation that the Issuer has procured undertakings from all its directors and executive officers.

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

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 2019 to be false or misleading in any material respects.

For and on behalf of the Board

Yeah Hiang Nam
Managing Director

Yeah Lee Ching
Executive Director