



TLV HOLDINGS LIMITED

Company Registration No. 201526542C

**Unaudited First Quarter Financial Statement
For the Financial Period Ended 30 June 2018**

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") for compliance with the Singapore Exchange Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst. 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.

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TLV HOLDINGS LIMITED

Company Registration No. 201526542C

**Unaudited First Quarter Financial Statement
For the Financial Period Ended 30 June 2018**

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 2019 (Unaudited) \$'000	1Q 2018 (Unaudited) \$'000	
Revenue	28,047	30,346	(8)
Cost of sales	(21,632)	(22,181)	(2)
Gross Profit	6,415	8,165	(21)
Other operating income	13	4	nm
Distribution costs	(4,588)	(5,108)	(10)
Administrative expenses	(1,145)	(1,406)	(19)
Other operating expenses	(43)	(436)	(90)
Share of profit/(loss) of associated companies	146	(20)	nm
Finance costs	(77)	(51)	51
Profit before tax	721	1,148	(37)
Income tax expense	(10)	(114)	(91)
Profit after tax	711	1,034	(31)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	–	(24)	(100)
Share of other comprehensive gain/(loss) of associated company	61	(63)	nm
Total comprehensive income	772	947	(18)

nm – not meaningful

**TLV HOLDINGS LIMITED**

Company Registration No. 201526542C

**Unaudited First Quarter Financial Statement
For the Financial Period Ended 30 June 2018****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 2019 (Unaudited) \$'000	1Q 2018 (Unaudited) \$'000	
Interest income from pawn broking business	373	300	24
Net foreign currency gain/(loss)	50	(201)	nm
Loss on disposal of fixed assets	(23)	(2)	nm
Interest expense	(77)	(51)	51
Depreciation of fixed assets	(195)	(230)	(15)
Amortisation of trademark	(36)	(35)	3

nm – not meaningful



TLV HOLDINGS LIMITED

Company Registration No. 201526542C

**Unaudited First Quarter Financial Statement
For the Financial Period Ended 30 June 2018**

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	
	30.06.2018	31.03.2018	30.06.2018	31.03.2018
	Unaudited	Audited	Unaudited	Audited
	\$'000	\$'000	\$'000	\$'000
<u>ASSETS</u>				
Current assets				
Inventories	88,731	78,623	–	–
Trade and other receivables	51,435	50,852	14,789	15,113
Prepayments	97	73	6	21
Cash and bank balances	11,008	11,036	2,807	2,325
Total current assets	151,271	140,584	17,602	17,459
Non-current assets				
Investment in subsidiaries	–	–	82,076	82,076
Investment in associated company	6,037	5,421	–	–
Fixed assets	4,985	5,173	–	–
Trademark	809	845	–	–
Non-current other receivables	638	638	–	–
Total non-current assets	12,469	12,077	82,076	82,076
Total assets	163,740	152,661	99,678	99,535
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Loans and borrowings	12,879	11,321	–	–
Trade and other payables	44,440	35,812	973	837
Income tax payable	622	618	–	–
Total current liabilities	57,941	47,751	973	837
NET CURRENT ASSETS	93,330	92,833	16,629	16,622
Non-current liabilities				
Loans and borrowings	705	588	–	–
Deferred tax liabilities	245	245	–	–
Provision	255	255	–	–
Total non-current liabilities	1,205	1,088	–	–
Total Liabilities	59,146	48,839	973	837
NET ASSETS	104,594	103,822	98,705	98,698



TLV HOLDINGS LIMITED

Company Registration No. 201526542C

**Unaudited First Quarter Financial Statement
For the Financial Period Ended 30 June 2018**

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 (cont'd)

	Group		Company	
	30.06.2018 Unaudited \$'000	31.03.2018 Audited \$'000	30.06.2018 Unaudited \$'000	31.03.2018 Audited \$'000
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	(698)	(698)	(698)	(698)
Translation reserve	366	305	–	–
Retained earnings	72,709	71,998	2,684	2,677
Equity attributable to equity holders	104,594	103,822	98,705	98,698
Non-controlling interest	–	–	–	–
Total Equity	104,594	103,822	98,705	98,698

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

Amount repayable in one year or less, or on demand

	30.06.2018 (Unaudited)		31.03.2018 (Audited)	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand	5,316	7,563	3,316	8,005
Amount repayable after one year	307	398	379	209
	5,623	7,961	3,695	8,214

Details of any collateral:

1. Bank borrowing of \$0.2 million (31 March 2018: \$0.27 million) are secured by first mortgage over a leasehold property owned by a subsidiary of the Group.
2. Short term bank loan of \$5.0 million (31 March 2018: \$3.0 million) is secured by a subsidiary's cash account and a fixed and floating charge on all present and future assets of the subsidiary. All bank borrowings are secured by corporate guarantee of the Company.
3. The balance of the Group's secured borrowings relates to hire purchase facilities secured against the respective motor vehicles.



TLV HOLDINGS LIMITED

Company Registration No. 201526542C

**Unaudited First Quarter Financial Statement
For the Financial Period Ended 30 June 2018**

- 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 2019 Unaudited \$'000	1Q 2018 Unaudited \$'000
Operating activities		
Profit before tax	721	1,148
Adjustments for:		
Depreciation of fixed assets	195	230
Amortisation of trademark	36	35
Interest expense	77	51
Share of loss/ (profit) of associated company	(146)	20
Allowance for doubtful trade receivables	70	—
Unrealised exchange gain	(109)	(17)
Loss on disposal of fixed assets	23	2
Operating cash flows before movements in working capital	867	1,469
(Increase)/decrease in trade and other receivables and prepayments	(135)	5,253
Increase in inventories	(10,108)	(647)
Increase/(decrease) in trade and other payables	8,199	(2,664)
(Decrease)/increase in bills payable	(358)	105
Cash generated (used in)/from operations	(1,535)	3,516
Interest paid	(77)	(51)
Income tax paid, net	(8)	(24)
Net cash generated (used in)/from operating activities	(1,620)	3,441
Investing activities		
Proceeds from disposal of fixed assets	36	81
Purchase of fixed assets	(69)	(62)
Investment in associated company	(409)	—
Net cash generated (used in)/from investing activities	(442)	19
Financing activities		
Proceeds from bank borrowings	2,500	1,500
Repayment of bank borrowings	(439)	(4,100)
Repayment of hire purchase	(28)	(19)
Share buyback exercise	—	—
Net cash from/(used in) financing activities	2,033	(2,619)
Net (decrease)/increase in cash and cash equivalents	(29)	841
Net effect of exchange rates changes on the balance cash held in foreign currencies	1	(40)
Cash and cash equivalents at beginning of the financial year	11,036	10,340
Cash and cash equivalents at end of the financial period	11,008	11,141



TLV HOLDINGS LIMITED

Company Registration No. 201526542C

**Unaudited First Quarter Financial Statement
For the Financial Period Ended 30 June 2018**

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	Non Controlling Interest	Total Equity
Group (Unaudited)	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 April 2018	96,719	(64,502)	(698)	305	71,998	–	103,822
Profit for the period	–	–	–	–	711	–	711
Other comprehensive income							
Foreign currency translation	–	–	–	–	–	–	–
Share of other comprehensive loss of associated company	–	–	–	61	–	–	61
	–	–	–	61	711	–	772
As at 30 June 2018	96,719	(64,502)	(698)	366	72,709	–	104,594



TLV HOLDINGS LIMITED

Company Registration No. 201526542C

**Unaudited First Quarter Financial Statement
For the Financial Period Ended 30 June 2018**

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	Treasury shares	Foreign currency translation reserve	Retained earnings	Legal reserve	Non Controlling Interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group (Unaudited) As at 1 April 2017	96,719	(64,502)	(698)	694	69,354	55	1	101,623
Profit for the period	-	-	-	-	1,034	-	-	1,034
Other comprehensive income								
Foreign currency translation	-	-	-	(24)	-	-	-	(24)
Share of other comprehensive loss of associated company	-	-	-	(63)	-	-	-	(63)
	-	-	-	(87)	1,034	-	-	947
As at 30 June 2017	96,719	(64,502)	(698)	607	70,388	55	1	102,570

TLV HOLDINGS LIMITED

Company Registration No. 201526542C

**Unaudited First Quarter Financial Statement
For the Financial Period Ended 30 June 2018**

- 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)

Company (Unaudited)	Share Capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Total Equity \$'000
Balance as at 1 April 2018	96,719	(698)	2,677	98,698
Profit for the period	–	–	7	7
Total comprehensive income	–	–	7	7
Balance as at 30 June 2018	96,719	(698)	2,684	98,705

Company (Unaudited)	Share Capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Total Equity \$'000
Balance as at 1 April 2017	96,719	(698)	2,136	98,157
Profit for the period	–	–	(78)	(78)
Total comprehensive income	–	–	(78)	(78)
Balance as at 30 June 2017	96,719	(698)	2,058	98,079

TLV HOLDINGS LIMITED

Company Registration No. 201526542C

**Unaudited First Quarter Financial Statement
For the Financial Period Ended 30 June 2018**

- 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 Shares	Share capital \$'000
As at 30 June 2018	559,406,000	96,021
As at 31 March 2018	559,406,000	96,021

The Company did not have any outstanding options or convertibles as at 30 June 2018 and 30 June 2017.

	30.06.2018	30.06.2017
Number of issued shares held as treasury shares	6,100,000	6,100,000
Number of issued shares held as subsidiary holdings	–	–
Total number of issued shares excluding treasury shares and subsidiary holdings	559,406,000	559,406,000

Accordingly the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed is 1.1% and 0.1% as at 30 June 2018 and 30 June 2017 respectively.

- 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

	30.06.2018	31.03.2018
Total number of issued shares excluding treasury shares	559,406,000	559,406,000

- 1(d)(iv) A statement showing all sales, transfers, 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, cancellations and/or use of treasury shares during the financial period reported on.

TLV HOLDINGS LIMITED

Company Registration No. 201526542C

**Unaudited First Quarter Financial Statement
For the Financial Period Ended 30 June 2018**
1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. There were no sales, transfers, cancellations and/or use of subsidiary holdings 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

The Group has consistently applied the same accounting policies and methods of computation in the Group's financial statements for the current reporting period and year compared with the audited financial statements for the year ended 31 March 2018, except that the Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(1)") on 1 April 2018. The adoption of SFRS(1) did not have any material impact on the financial statements of the Group.

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 has elected not to apply the optional exemption to reset its cumulative translation differences for all foreign operation to nil as at 1 April 2017.

The adoption of new and revised standards did not have any material impact on the profit or loss and financial position of the Group.

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 2019 (Unaudited)	1Q 2018 (Unaudited)
Profit attributable to owners of the Company (\$'000)	711	1,034
Weighted average number of ordinary shares in issue (\$'000)	559,406	559,406
Basic and diluted earnings per share (Singapore cents) ¹	0.13	0.18

Note:

¹The basic and diluted earnings per share are the same as there were no potential dilutive ordinary shares existing during the financial period.



TLV HOLDINGS LIMITED

Company Registration No. 201526542C

**Unaudited First Quarter Financial Statement
For the Financial Period Ended 30 June 2018**

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	
	30.06.2018 Unaudited	31.03.2018 Audited	30.06.2018 Unaudited	31.03.2018 Audited
Net asset value per ordinary share (Singapore cents)	18.70	18.56	17.64	17.64
Number of issued shares (excluding treasury shares) (\$'000)	559,406	559,406	559,406	559,406

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

	GROUP		
	1Q 2019 (Unaudited) \$'000	1Q 2018 (Unaudited) \$'000	Change %
Retail and pawnbroking	16,336	15,791	3
Exhibition business	11,711	14,555	(20)
Total	28,047	30,346	(8)

Revenue for the retail and pawnbroking business increased by 3% to \$16.3 million, mainly due to higher sales from both our retail jewellery and pawn broking outlets.

Revenue for the exhibition business decreased by 20% from \$14.6 million to \$11.7 million, mainly due to lower turnout rate at certain exhibitions during the financial period under review.

As a result, the Group's revenue decreased by 8% from \$30.3 million in 1Q 2018 to \$28.0 million in 1Q 2019.

Cost of sales

Correspondingly, cost of sales decreased by \$0.5 million or 2% to \$21.6 million in 1Q 2019 in tandem with the lower revenue.



TLV HOLDINGS LIMITED

Company Registration No. 201526542C

Unaudited First Quarter Financial Statement For the Financial Period Ended 30 June 2018

Gross profit and gross profit margin

Gross profit decreased by approximately \$1.8 million or 21% to \$6.4 million in 1Q 2019 mainly due to lower revenue generated by exhibition business in 1Q 2019. Gross profit margin decreased from 26.9% in 1Q 2018 to 22.9% in 1Q 2019 due to a product mix that consisted of higher volumes of low-margin products in 1Q 2019.

Distribution costs

Distribution costs decreased by approximately \$0.5 million or 10%, to \$4.6 million in 1Q 2019 mainly due to lower staff costs, lower rental expense from location rationalisation of the retail outlets, and lower exhibition expenses incurred during the financial period.

Administrative expenses

Administrative expenses decreased by 19% or approximately \$0.3 million to \$1.1 million in 1Q 2019 mainly due to lower staff costs and professional fees incurred during the financial period.

Other operating expenses

Other operating expenses decreased by approximately \$0.4 million in 1Q 2019 mainly due to net foreign exchange gain against net foreign exchange loss in 1Q 2018.

Net profit

As a result, the Group's net profit decreased by approximately \$0.3 million to \$0.7 million in 1Q 2019.

Review of Financial Position of the Group

Non-current assets

Non-current assets increased by approximately \$0.4 million or 3% from \$12.1 million as at 31 March 2018 to \$12.5 million as at 30 June 2018 mainly due to investment in associated company, Shimao Jewellery Maoming Co. Ltd of \$0.4 million during the financial period.

Current assets

Current assets increased by approximately \$10.7 million or 8% from \$140.6 million as at 31 March 2018 to \$151.3 million as at 30 June 2018, mainly due to an increase in inventories in preparation for major exhibitions in 2Q 2019.

Current liabilities

Current liabilities increased by \$10.2 million or 21% from \$47.8 million as at 31 March 2018 to \$57.9 million as at 30 June 2018, mainly due to higher bank borrowings and higher purchases of inventories resulting in higher trade and other payables during the financial period.

Non-current liabilities

Non-current liabilities increased by \$0.1 million or 11% from \$1.1 million as at 31 March 2018 to \$1.2 million as at 30 June 2018 due to higher bank borrowings during the financial period.

Working capital

The Group had a positive working capital of approximately \$93.3 million as at 30 June 2018 as compared to approximately \$92.8 million as at 31 March 2018.



TLV HOLDINGS LIMITED

Company Registration No. 201526542C

**Unaudited First Quarter Financial Statement
For the Financial Period Ended 30 June 2018**

Review of the Cash Flow Statement of the Group

Cash and cash equivalents decreased by approximately \$0.1 million from approximately \$11.14 million as at 31 March 2018 to approximately \$11.01 million as at 30 June 2018.

Net cash from operating activities

In 1Q 2019, a net cash used in operations of \$1.5 million which was a net result of operating cash flow before working capital changes of \$0.9 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) Increase in trade and other receivables and prepayment of \$0.1 million;
- (b) Increase in trade and other payables of \$8.2 million;
- (c) Decrease in bills payables of \$0.4 million; and
- (d) Increase in inventories of \$10.1 million.

Net cash from Investing activities

Net cash used in investing activities amounted to \$0.4 million mainly due to investment in associate company, Shimao Jewellery Maoming Co. Ltd of \$0.4 million during the financial period.

Net cash from financing activities

Net cash from financing activities amounted to \$2.0 million mainly due to drawdown of bank borrowings during the financial period.

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.

The global and Singapore jewellery industry remains challenging with weak market sentiment and growing cost pressure. As consumer spending is expected to stay cautious with fast changing consumer behaviour in the major market of the Group, the Group will focus on improving operational efficiencies and continue to consolidate the size of the local retail operation according to its performance and our overall business strategy.

The Group is also exploring new business channels and initiatives that are complementary to our current operation and market as well as preparing for the upcoming retail landscape in order to achieve sustainable growth.

On 22 May 2018, the Company announced that it has entered into a supplementary joint venture agreement with Maoming Liutao Zhubao Chuangyi Chanye Co., Ltd. ("Liutao") and a sales and purchase agreement with Maoming Shimao Jewellery Co., Ltd ("Shimao"), a wholly owned subsidiary of Liutao, marking its step into China jewellery market. Under the terms of the JV Agreement, the Group intends to establish a joint venture company with the Liutao Group that will operate through a retail chain to offer a wide range of gold and diamond products in Guangdong Province of PRC. With this initial presence in the world largest consumer market, the Group is cautiously optimistic about its business potential and challenges in the China market.



TLV HOLDINGS LIMITED

Company Registration No. 201526542C

**Unaudited First Quarter Financial Statement
For the Financial Period Ended 30 June 2018**

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/recommendeded, a statement to that effect

No dividend has been declared/recommendeded 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.

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 2018 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD
TLV Holdings Limited**

Teo Boon Leng
Managing Director
10 August 2018