ValueMax 方圓 GROUP

UNCOVERING TRUE VALUE

ANNUAL REPORT 2013

CONTENTS

CORPORATE PROFILE

Serving the communities since 1989, ValueMax is a trusted pawnbroking chain in Singapore. Our chief appraisers are experts in the trade, each with at least 10 years of relevant experience.

Skilful in appraising a broad range of valuables, our appraisers inspire trust among our customers. With professional assessment, customers feel confident that the valuables they pawn are able to fetch their deserved value.

In addition to expert valuation, our strength also lies in our reliable service and conveniently located outlets. Whether it is pawning, selling or buying, ValueMax customers feel assured of getting the value they trust.

VISION

To be the most trusted pawnbroking chain lending strength to the community.

MISSION

To provide excellent value to our customers through expert valuation and sincere services with integrity.

VALUES

C – Care for customers and the society; lending strength to community

R – Reliable; delivering value consistently

E – Empathetic; understanding the needs of customers

D – Dedicated to improvements; challenging status quo to improve

I – Integrity; upholding our trustworthiness

T – Teamwork; treating one another like family

CHAIRMAN'S MESSAGE

Dear Shareholders,

On behalf of the Board of Directors (the "Board"), it is my honour to present to you the inaugural annual report of ValueMax Group Limited ("ValueMax" or the "Group") for the financial year ended 31 December 2013 ("FY2013").

On 30 October 2013, ValueMax achieved a significant milestone when it was successfully listed on the Mainboard of the SGX-ST, making it the first Mainboard-listed pawnbroking chain. The listing raised net proceeds of $66.7 million for the Group, which will be used for business expansion and as working capital.

New Platform for Success

Established more than 25 years ago, ValueMax's listed status has further elevated its public profile in the eyes of its customers, partners and business associates. It has also created a new platform for the Group's next stage of growth, as it is now well-positioned to capture opportunities to expand and grow its business in both Singapore and overseas.

ValueMax is currently the only listed pawnbroking chain with outlets outside of Singapore, and it will continue to look at expanding regionally. The Group's listed status also means that it has met higher standards of corporate governance which will help to attract and retain talent for the Group.

The nature of the pawnbroking business requires a large amount of cash to fund daily operational activities. Having access to the capital market allows the Group to tap on an additional source of funding for expansion of business and reduce operational risks, as and when needed.

Pawnbroking is a Growth Industry

Pawnbroking may be a traditional industry but with modernisation, there are opportunities for chains like ValueMax to expand and derive economies of scale. ValueMax today has a modern image that exudes professionalism. The Group is also taking steps to re-brand its pre-owned jewellery as it sees opportunities for growth in the retail of pre-owned jewellery.

The Group will continue to build on its reputation as a trustworthy and experienced pawnbroker by developing its human resources so as to ensure that its appraisers maintain their high standards, with the ability to value a broader range of items to expand the scope of pawnbroking, and maximise the value of customer pledges.

Looking Ahead

Currently, the Group has 18 outlets comprising 17 pawnshops with pre-owned jewellery retail outlets as well as one standalone pre-owned jewellery retail outlet, and three outlets operated by two associated companies and one investee company in Singapore. The Group has another five outlets operated by its associated companies in Malaysia. ValueMax is expanding its market presence by setting up new outlets in both countries. Beyond growing organically, the Group is also actively identifying target pawnbroking businesses for acquisition.

Pawnbroking today is a form of collateralised micro-financing that meets a need that traditional financing options cannot fulfill. In spite of challenging business conditions due to lower gold prices and increased competition, the Group will continue with its strategy of growing its business both in Singapore and Malaysia, and strengthening its brand awareness.

Rewarding Shareholders

To reward shareholders for participating in its growth, ValueMax has indicated in its Prospectus dated 21 October 2013, that it intends to distribute 50% of its net profit after tax to shareholders as dividends (including scrip dividends) for FY2013 and the following two financial years thereafter.

For FY2013, the Board has proposed a one-tier tax exempt cash dividend of 0.88 Singapore cents per ordinary share.

"ValueMax's listed status has further elevated its public profile in the eyes of its customers, partners and business associates."

In Appreciation

The Board would like to take this opportunity to express its appreciation to the management and staff for their dedication and support for the Group, as well as all the professional parties involved in the successful listing of ValueMax.

Last, but not least, we would like to thank our shareholders who saw the value in us and gave us their support. I look forward to an exciting year ahead as more investors uncover and better understand the gem that is ValueMax.

Phua Tin How
Non-Executive Chairman

MANAGING DIRECTOR'S MESSAGE

"The Group will continue with its strategy to grow its business both in Singapore and Malaysia"

Dear Shareholders,

On behalf of the Board and Management, I am pleased to present ValueMax's FY2013 performance and operations review.

Financial Review

FY2013 proved to be a challenging year, having experienced the largest annual decline in gold price since 1981. Gold price fell by approximately 28% during the year, which impacted both our pawnbroking and retail and trading of pre-owned jewellery and gold businesses. Revenue declined by 30.6% to $353.1 million. In tandem with the decline in revenue, our gross profit declined by 11.9% to $22.7 million. Gross profit margin however, improved from 5.1% in FY2012 to 6.4% in FY2013 as a result of the higher revenue mix from our pawnbroking business.

Administrative expenses increased by $2.5 million, which was largely due to the increase in employee benefits expenses and rental expenses. These increases were a result of salary and rental adjustments, as well as an increase in headcount and rental premises attributable to the opening of two new outlets during the year. Other operating expenses comprised the IPO expenses of $1.4 milion and allowances for doubtful trade receivables and write-down of inventories of $2.5 million and $0.2 million respectively.

With the completion of the Group's restructuring exercise ("Restructuring Exercise"), our Malaysian associated companies contributed to our earnings in FY2013, increasing our share in results of associates by $1.1 million to $1.9 million in FY2013.

Net profit declined to $9.6 million in FY2013 on the back of lower revenue and increase in operating expenses.

As at 31 December 2013, the Group has a net asset value of $150.7 million. The Group's balance sheet remains strong with gearing at 22%, down from 60% as at 31 December 2012.

Operations Review

With the completion of the Restructuring Exercise, Ban Soon Pawnshop Pte. Ltd. and Ban Lian Pawnshop Pte. Ltd. became a subsidiary and an associated company of the Group respectively. In addition, the Group acquired five associated companies with five outlets in Malaysia.

In July 2013, the pawnshop and retail outlet at Woodlands MRT commenced operations. This was followed by the opening of a retail outlet at 96 Serangoon Road in October 2013, bringing the number of outlets under our subsidiary companies to 18, with 16 pawnshops and two standalone retail outlets, as well as three pawnshops under our associated and investee companies in Singapore.

Outlook

The Group's outlet at 96 Serangoon Road received its pawnbroking licence in January 2014. The Group has also signed on three new leases in Singapore and expects to commence operations of the new outlets in the second quarter of FY2014. In addition, the Group has increased the share capital of three associated companies in Malaysia in preparation for the application of new pawnbroking licences.

Although business conditions are expected to remain challenging, the Group will continue with its strategy to grow its business both in Singapore and Malaysia, by opening new outlets as well as identifying potential targets for acquisition, and to strengthen its brand awareness through marketing and branding activities.

In Appreciation

On behalf of the management, I would like to thank our staff for their commitment and hard work in contributing to the success of the Group. I would also like to take this opportunity to thank our customers, bankers, shareholders, suppliers and business associates for their support during the year.

Yeah Hiang Nam
Managing Director & Chief Executive Officer

STORE LOCATIONS

EAST

PASIR RIS EAST
442 Pasir Ris Drive 6 #01-24
S(510442)

PASIR RIS MRT
10 Pasir Ris Central #01-12/13
Pasir Ris MRT Station
S(519634)

TAMPINES CENTRAL
513 Tampines Central 1 #01-168
S(520513)

TAMPINES EASTLINK MALL
8 Tampines Central 1 #01-16
Eastlink Mall
S(529543)

BEDOK TOWN CENTRE
213 Bedok North Street 1
#01-119
S(460213)

213 Bedok North Street 1
#01-121
S(460213)

NORTH

SENGKANG MRT
5 Sengkang Square #01-06
Sengkang MRT Station
S(545062)

KOVAN
204 Hougang Street 21 #01-121
S(530204)

SERANGOON CENTRAL
262 Serangoon Central Drive #01-99
S(550262)

RIVERVALE PLAZA*
118 Rivervale Drive #01-14
Rivervale Plaza
S(540118)

ANG MO KIO
703 Ang Mo Kio Avenue 8 #01-2529
S(560703)

YISHUN CHONG PANG
101 Yishun Avenue 5 #01-63
S(760101)

WOODLANDS VISTA POINT
548 Woodlands Drive 44
#01-17/18 Vista Point
S(730548)

WOODLANDS MRT
30 Woodlands Avenue 2 #01-50
Woodlands MRT Station
S(738343)

CENTRAL

BOON KENG
25 Bendemeer Road #01-579
S(330025)

TEKKA
664 Buffalo Road #01-05/06
S(210664)

LITTLE INDIA
96 Serangoon Road
S(218001)

ROCHOR*
Blk 1 Rochor Road #01-514
Rochor Centre
S(180001)

WEST

CHOA CHU KANG
303 Choa Chu Kang Avenue 4
#01-723
S(680303)

BOON LAY MRT
301 Boon Lay Way #01-21/22
Boon Lay MRT Station
S(649846)

MALAYSIA**

BATU PAHAT
No. 151-152, Jalan Rahmat
83000 Batu Pahat
Johor, Malaysia

LARKIN, JOHOR BAHRU
No. 10-Q, Jalan Cenderawasih,
Larkin Jaya, Larkin
80350 Johor Bahru
Johor, Malaysia

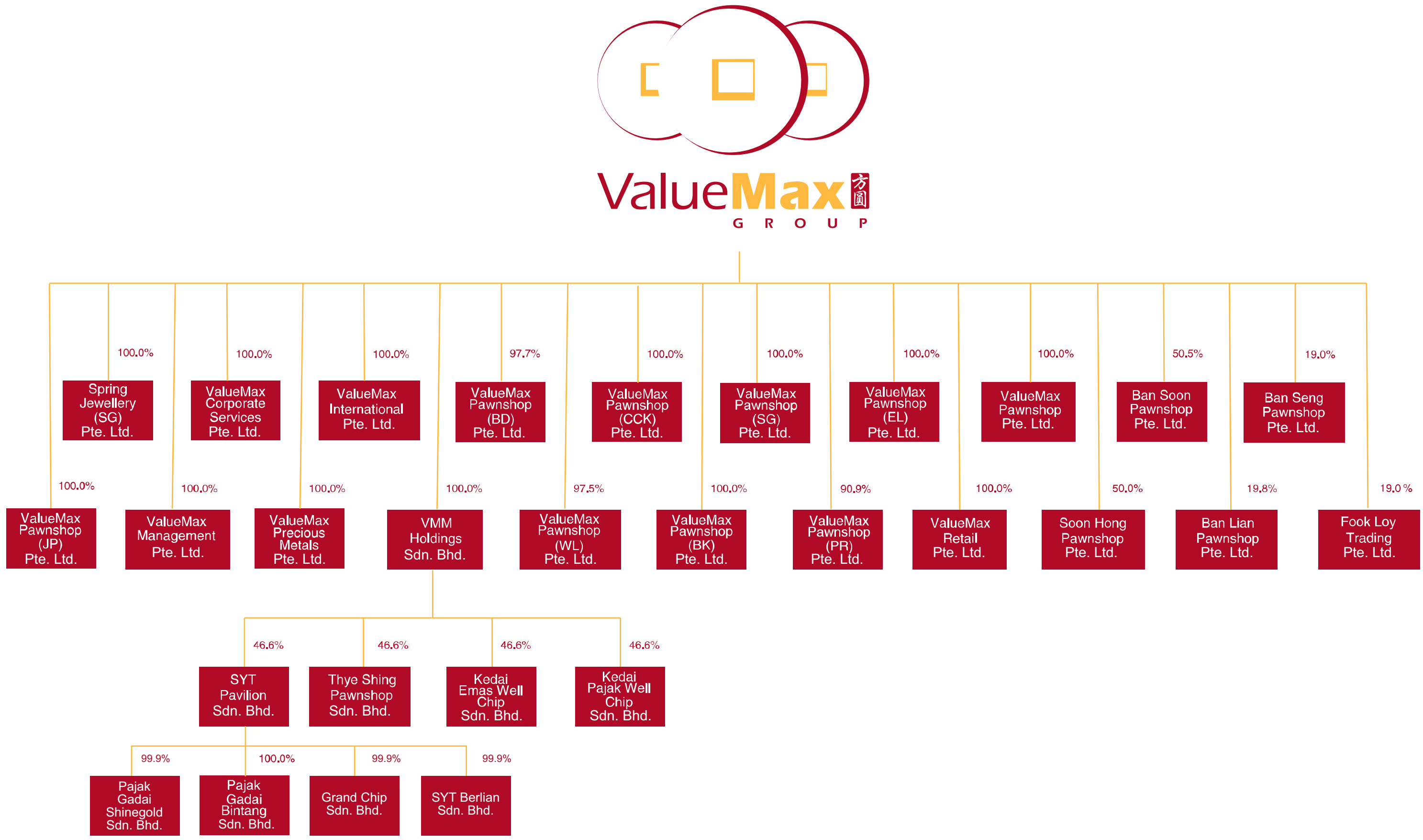
TAMAN PANDAN, JOHOR BAHRU
No. 9, Batu 7, Jalan Kota Tinggi
Taman Pandan
81100 Johor Bahru
Johor, Malaysia

No. 7, Batu 7, Jalan Kota Tinggi
Taman Pandan
81100 Johor Bahru
Johor, Malaysia

TAMAN DAYA, JOHOR BAHRU
No.12, Jalan Sagu 3,
Taman Daya
81100 Johor Bahru
Johor, Malaysia

* held by associated companies in Singapore
** held by associated companies in Malaysia

CORPORATE STRUCTURE



FINANCIAL HIGHLIGHTS

($'million)	FY2010	FY2011	FY2012	FY2013
Revenue	398.4	531.9	509.0	353.1
– Pawnbroking	15.3	19.0	22.3	20.5
– Retail & Trading	383.1	512.9	486.7	332.6
Gross Profit	19.1	24.4	25.8	22.7
Profit Attributable to Shareholders	12.9	14.5	14.3	9.4
Net Margin	3.2%	2.7%	2.8%	2.7%
Equity Attributable to Shareholders	43.5	57.9	72.3	146.6
Net Asset Value	44.6	59.3	74.1	150.7

BOARD OF DIRECTORS

1 | **Mr Phua Tin How**

Non-Executive Chairman and Independent Director

Mr Phua Tin How is our Non-Executive Chairman and Independent Director. He was appointed to the Board of our Company on 27 September 2013. He also chairs the Remuneration Committee and is a member of our Audit Committee and Nominating Committee.

Mr Phua has held several senior appointments in the public service, the last being the Principal Private Secretary to the Deputy Prime Minister and later, Principal Private Secretary to the President of Singapore, before becoming Group President and CEO of the DelGro Group of companies and the Singapore Bus Services respectively from 1994 to 2003. He is also the director of LCD Global Investments Ltd and YHI International Ltd, both listed on the Mainboard of the SGX-ST.

Mr Phua holds an MBA from INSEAD, France and a Bachelor of Science (Honours) Degree from the University of Singapore.

2 | **Yeah Hiang Nam**

Managing Director and CEO

Yeah Hiang Nam is our Managing Director and CEO. He was appointed to the Board of our Company on 7 August 2003 and is responsible for the overall strategic, management and business development of our Group.

Yeah Hiang Nam has more than 40 years of experience dealing with gold and jewellery, and more than 20 years in the pawnbroking industry. In 1979, he set up Golden Goldsmith to supply gold jewellery locally and for export overseas. He later ventured into jewellery retailing and gold dealing. In 1988, he made his first foray in the pawnshop industry by starting Ban Soon Pawnshop together with other business partners. In 1999, he established the first of our Group's subsidiaries, ValueMax Pawnshop (BD). Since then, he has been instrumental in the development and growth of our Group and our various business segments. Under the management and leadership of Yeah Hiang Nam, the Group has built up its business and reputation over the years, and has become an active player within the pawnbroking and pre-owned jewellery industry.

Yeah Hiang Nam won Top Entrepreneur of the Year Award 2010, awarded jointly by the Rotary Club of Singapore and the Association of Small and Medium Enterprises.

BOARD OF DIRECTORS

3 | **Yeah Lee Ching**
Executive Director (Valuation and Wholesale)

Yeah Lee Ching is our Executive Director (Valuation and Wholesale). She was appointed to the Board of our Company on 12 April 2013 and is responsible for business planning, and overseeing the valuation and gold trading aspects of our operations, as well as the corporate communications matters of our Group.

Yeah Lee Ching has more than 15 years of experience in the pawnbroking, jewellery and gemstones industry, having been the general manager of Golden Success Jewellery Pte. Ltd., a manufacturer of fine jewellery from 1995 to 1997, and 1999 to 2000; and the marketing and communications manager (Asia Pacific) of Signity Management Pte Ltd. (now rebranded as Swarovski-Gems) from 2000 to 2004.

Yeah Lee Ching started her career with our Group as our marketing manager in 2004 and was later designated as operations director in 2009. She was instrumental in establishing the "ValueMax" brand name and contributed in our receipt of the Singapore Prestige Brand Award – Established Brands, as well the Enterprise 50 awards in 2010.

Yeah Lee Ching has been a Graduate Gemologist from the Gemological Institute of America since 1995. She was the recipient of the G.F. Kunz award for being the best gem identifier in her graduating class. She was conferred a Master of Business Administration from the National University of Singapore in 1999, where she also completed a global project coordination course conducted jointly with Stanford University in 1998. She is currently the Secretary of the Singapore Pawnbrokers Association and the Assistant Treasurer of the Enterprise 50 Association.

4 | **Yeah Chia Kai**
Executive Director (Pawnbroking and Retail)

Yeah Chia Kai is our Executive Director (Pawnbroking and Retail). He was appointed to the Board of our Company on 27 September 2013 and is responsible for overseeing the pawnbroking and retail aspects of our operations.

Yeah Chia Kai joined our Company as an operations and information technology executive from 2004, before assuming the role of operations manager in 2007, and general manager, in 2009, when he was overseeing the human resource, information technology and business processes of our Group.

Yeah Chia Kai also founded Mischief Studios Pte. Ltd., a software development company, and served as its executive producer from 2006 to 2007.

Yeah Chia Kai graduated from Curtin University of Technology with a Bachelor of Commerce degree in Marketing in 2003 and was later conferred a dual Master of Business Administration degree from Columbia University and London Business School in 2012. He also holds a diploma of certified diamond grader by the HRD Antwerp Institute of Gemmology in 2013 and holds a foundation certificate in gemology from the Gemmological Association of Great Britain, in 2013.

5 | **Lim Tong Lee**
Independent Director

Lim Tong Lee is our Independent Director. He was appointed to the Board of our Company on 27 September 2013. He chairs the Audit Committee and is a member of our Nominating Committee and Remuneration Committee.

Lim Tong Lee started his career in Ernst & Young LLP, Kuala Lumpur in 1990, before joining AmInvestment Bank Berhad's corporate finance department in 1995. In 1997, he joined a private property development group in Malaysia as general manager of corporate finance before rejoining AmInvestment Bank Berhad in 1999 as director of corporate finance. From 2007 to 2012, Lim Tong Lee was the director and head of corporate finance of AmFraser Securities Pte Ltd, where he was responsible for overseeing the corporate finance activities of AmInvestment Bank Berhad in Singapore. From January 2013 to September 2013, Lim Tong Lee was the chief investment officer of AmWater Investments Management Pte Ltd (a member of AmInvestment Bank Berhad), a private equity and fund management company. He is currently holding the position of senior vice president in Venstar Capital Management Pte Ltd, a private equity and fund management company.

Lim Tong Lee is a Fellow Chartered and Certified Accountant of the United Kingdom Association of Chartered and Certified Accoutants, a certified public accountant of the Malaysian Institute of Certified Public Accountants and a chartered accountant of the Malaysian Institute of Accountants. He is also an independent director of LBS Bina Group Berhad, a company listed on Bursa Malaysia.

6 | **Lim Hwee Hai**
Independent Director

Lim Hwee Hai is our Independent Director. He was appointed to the Board of our Company on 27 September 2013. He chairs the Nominating Committee and is a member of our Audit Committee and Remuneration Committee.

Lim Hwee Hai started his career in DBS Bank Ltd as a senior officer (credit) in 1976, before joining Banque Nationale de Paris as an assistant manager in 1980. In 1982, he co-founded SiS International Holdings Ltd., a company listed on the Hong Kong Stock Exchange, involved in the investment and distribution of intellectual technology products. He is currently an executive director of SiS International Holdings Ltd. and is responsible for its business operations in South East Asia.

Lim Hwee Hai graduated from the Nanyang University of Singapore with a Bachelor of Commerce (First Class Honours) degree in 1973 and was later conferred a Master of Business Administration degree by the National University of Singapore in 1999.

KEY MANAGEMENT

Carol Liew is our Chief Financial Officer. She is in charge of overseeing all accounting and finance functions of our Group.

Carol Liew started her career with Cooper & Lybrand's audit division in 1993. She was later a manager at PricewaterhouseCoopers Corporate Finance Pte Ltd from 1999 to 2003 where she advised clients on matters relating to capital markets, mergers and acquisitions, corporate and debt restructuring, independent financial advisory as well as business valuation projects. She was later the vice president (finance and administration) of Straco Corporation Ltd from 2003 to 2004, a company involved in tourism development and operation, where she was responsible for the setting up of the group financial reporting structure and the monitoring and analysis of the group's financial performance. From 2004 to 2008 and from 2009 to 2011, Carol Liew was the chief financial officer of TranSil Corporation Pte Ltd and Rotol Singapore Limited respectively. In these two companies, she was responsible for the treasury and financial functions. In 2011, she joined SEF Group Ltd as associate director for corporate development, prior to joining our Group as our Chief Financial Officer in September 2012.

She graduated with a Bachelor of Commerce degree from The University of Western Australia in 1993 and later obtained a Certificate in Singapore Law and Tax Management from Nanyang Technological University in 2009. Carol Liew is also a Certified Practicing Accountant (Australia) since 2003 and a CFA® charterholder since 2006.

Tan Yam Hong is our Senior Operations Manager (Pawnbroking). He is responsible for assisting our Executive Directors in managing our pawnshops and pre-owned jewellery retail outlets as well as ensuring that our employees are provided with adequate valuation and sales training.

Tan Yam Hong has approximately 20 years of experience in the jewellery industry and approximately six years of experience in the pawnbroking industry. He started his career in Golden Beauty Jewellery Pte. Ltd. from 1993 to 1996 where he was involved in the sales and marketing of jewellery. He was later the sole proprietor of Progold Trading Pte Ltd from 1998 to 2012, a company in the business of the wholesale of gold and jewellery which ceased operations in 2008 and terminated in 2012. He joined our Group in 2008 as a trainee appraiser and was later promoted to branch manager of ValueMax Pawnshop (SG) in 2010.

Tan Yam Hong holds a diploma of certified diamond grader by the HRD Antwerp Institute of Gemmology.

Low Khee Joo is our Senior Operations Manager (Wholesale). He is responsible for assisting our Executive Directors in overseeing the gold trading business. He supervises the monitoring and covering of our outstanding gold positions in the international gold market, and the day to day operations of our gold trading business.

Low Khee Joo has more than 20 years of experience in the sale and purchase of bullion. From 1985 to 1993, he was working with OCBC Bank, dealing in bullion and futures as well as foreign exchange and precious metal margins. He was responsible for providing market information and news to customers and taking positions on behalf of the bank. He was also responsible for ordering and purchasing physical gold bars from producers in Australia, London and Switzerland. Prior to joining our Group, Low Khee Joo was a freelance trader from 1993 to 2008, assisting his clients in executing deals on their behalf as well as monitoring and managing their funds and outstanding positions with the bank. Low Khee Joo joined our Group in 2009 as a senior dealer, responsible for monitoring and covering the gold positions taken by our Group in our day to day operations.

Low Khee Joo completed a course on supervisory management organised by the Singapore Institute of Management in 1977, and later obtained a certificate of recognition in a futures trading test held by The Institute of Banking and Finance in 1987.

CORPORATE INFORMATION

Directors

Phua Tin How	(Non-Executive Chairman and Independent Director)
Yeah Hiang Nam	(Managing Director and CEO)
Yeah Lee Ching	(Executive Director)
Yeah Chia Kai	(Executive Director)
Lim Tong Lee	(Independent Director)
Lim Hwee Hai	(Independent Director)

Company Secretary

Lotus Isabella Lim Mei Hua

Registered Office

213 Bedok North Street 1
#01-121
Singapore 460213
Tel: +65 6448 6686
Fax: +65 6441 7195

Share Registrar

Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#02-00
Singapore 068898

Principal Bankers

United Overseas Bank Limited
Oversea-Chinese Banking Corporation Limited
DBS Bank Ltd.

Auditor

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner in charge: Max Loh Khum Whai
(Since financial year ended 31 December 2010)

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CORPORATE GOVERNANCE

The Board of Directors (the "**Board**") of ValueMax Group Limited ("**ValueMax**" or the "**Company**") is committed to good standards of corporate governance to enhance corporate performance and accountability. The Company has adopted, as far as practicable, the principles and practices of corporate governance in line with the recommendations of the Code of Corporate Governance 2012 (the "**Code**").

The Board recognises the need to keep balance with accountability, in creating and preserving shareholder value and achieving its corporate vision for the Company and its subsidiaries (the "**Group**").

This statement on the corporate governance practices of ValueMax describes the corporate governance policies practiced by ValueMax during the year ended 31 December 2013, with specific references made to each of the principles set out in the Code.

Board matters

Principle 1: Board Conduct of its Affairs

The Board holds meetings on a regular basis throughout the year to approve the Group's key strategic plans as well as major investments, disposals and funding decisions. The Board is also responsible for the overall corporate governance of the Group.

The Board has delegated specific responsibilities to three sub-committees namely, the Audit, Nominating and Remuneration Committees (collectively the "**Board Committees**"), the details of which are set out below. These Board Committees have the authority to examine particular issues under the purview of each of their committees and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

The Board holds regular scheduled meetings on a quarterly basis. When circumstances require, ad-hoc meetings will be convened as and when required to address significant transactions and issues that may arise between the scheduled meetings. Board members contribute both at formal Board meetings as well as outside of these meetings. To ensure maximum Board participation, the Company's Articles of Association provides that Directors may participate in a meeting of the Board of Directors by means of a conference telephone, videoconferencing, audio visual, or other electronic means of communication, without having to be in the physical presence of each other.

Where physical Board and Board Committee meetings are not possible, timely communication with members of the Board or Board Committees can be achieved through electronic means and circulation of written resolutions for approval by the relevant Board and Board Committee members

CORPORATE GOVERNANCE

Details of Directors' attendance at the Board and Audit Committee Meetings held in the financial year ended 31 December 2013 are disclosed in the table below:–

Board Members	Board	Audit Committee
Phua Tin How	2/2	1/1
Yeah Hiang Nam	2/2	NA
Yeah Lee Ching	2/2	NA
Yeah Chia Kai, Steven	2/2	NA
Lim Tong Lee	2/2	1/1
Lim Hwee Hai	2/2	1/1

All Directors are updated regularly concerning any changes in the Company's policies, risks management, key changes in the relevant regulatory requirements and accounting standards. The Company also provides ongoing education on Board processes, governance and best practices. Newly appointed Directors are briefed by the Management on the business activities of the Group and its strategic directions. They are also provided with relevant information on the Company's policies and procedures.

Matters Requiring Board Approval

The Board has identified a number of areas for which the Board has direct responsibility for decision making. Interested Person Transactions and the Group's internal control procedures are also reviewed by the Board.

Major investments and funding decisions are approved by the Board.

The Board also meets to consider the following corporate matters:–

- Approval of quarterly result announcements;
- Approval of the Annual Reports and Accounts;
- Convening of Shareholder's Meetings;
- Approval of Corporate Strategies; and
- Material Acquisitions and Disposal of assets.

CORPORATE GOVERNANCE

Principle 2: Board Composition and Balance

The Board comprises an Independent Non-Executive Chairman, two Independent Directors and three Executive Directors. Currently one-half of the Board comprise Independent Directors.

The independence of each Director will be reviewed by the Nominating Committee to ensure that the Board is capable of exercising objective judgment on corporate affairs of the Group. The appointment of each Director is based on his calibre, experience, stature and potential contribution to the Company and its businesses. Our current Directors are respected individuals with diverse expertise and good track record in their respective fields.

The Nominating Committee is of the view that the current Board is capable of providing the necessary expertise to meet the Board's objectives and that no individual or small group of individuals dominates the Board's decision making process.

The Board is of the view that the current board size of six Directors is appropriate, taking into account the nature and scope of the Company's operations.

Key information regarding the Directors can be found under the "Board of Directors" section of this annual report.

Principle 3: Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer are held by separate persons. This is so that an appropriate balance of power and authority with clear divisions of responsibility and accountability can be attained. Such separation of roles between the Chairman and Chief Executive Officer promotes robust deliberation. The Chairman ensures that the Directors receive accurate, clear and timely information, encourages constructive relations between the Board and Management, as well as between Board members, ensures effective communication with shareholders and promotes high standards of corporate governance.

The Chairman also ensures that Board Meetings are held regularly and when necessary, sets the Board meeting agenda in consultation with the Chief Executive Officer. The Chairman presides at each Board Meeting and ensures full discussion of all agenda items. Management staff, as well as external experts who can provide additional insights into the matters to be discussed, are invited as and when necessary, to attend at the relevant time during the Board Meetings. In assuming their roles and responsibilities, the Chairman and Chief Executive Officer consult with the Board and Board Committees on major issues.

Principle 4: Board Membership

The Nominating Committee comprises Mr Lim Hwee Hai, Mr Phua Tin How, Mr Lim Tong Lee and Mr Yeah Hiang Nam. Mr Lim Hwee Hai is the Chairman of the Nominating Committee and in accordance with the Code, he is neither a substantial shareholder nor directly associated with a substantial shareholder (with interest of ten per centum or more in the voting shares of the Company). Mr Phua Tin How and Mr Lim Tong Lee are both Independent directors.

The responsibilities of the Nominating Committee include the nomination of Directors, determining the independence of a Director and deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director. The criteria for independence is based on the definition as set out in the Code.

CORPORATE GOVERNANCE

Key information on the directors and their shareholdings in the Company are found on pages 9 to 10 and 26 of this annual report respectively.

The Nominating Committee selects and recommends new directors for appointment after considering several criteria such as the candidate's experience, core competency, industry knowledge and general ability to contribute to the Board's proceedings. Newly appointed directors are however required to submit themselves for re-election at the next annual general meeting of the Company ("AGM").

We believe that Board renewal must be an ongoing process, to both ensure good governance and maintain relevance to the changing needs of the Company and business. Our Articles of Association require at least one-third of our Directors to retire and subject themselves to re-election by shareholders at every AGM and no director stays in office for more than three years without being re-elected by shareholders.

A retiring director shall be eligible for re-election. In recommending that a director be nominated for re-election, the Nominating Committee assesses each candidate's suitability for re-appointment prior to making its recommendation, carefully taking into consideration such factors as the director's record of attendance and participation, his/her candour, performance and overall contribution to the Board and the Group; as well as his/her ability to adequately carry out the duties expected while performing his/her roles in other companies or in other appointments.

This year, the following Directors will be retiring at the forthcoming AGM and seeking re-election as directors:–

1. Ms Yeah Lee Ching pursuant to Article No. 98 of the Company's Articles of Association; and

2. Messrs Phua Tin How, Yeah Chia Kai, Lim Tong Lee and Lim Hwee Hai pursuant to Article No. 102 of the Company's Articles of Association.

Notes:–

Article 98 provides that at least one-third of the Directors shall retire from office at every Annual General Meeting.

Article 102 provides that a Director appointed during the year shall retire from office at the next following general meeting.

The Nominating Committee has reviewed and is satisfied with their contribution and performance as directors and has endorsed their nomination for re-election.

Although some of the Board members have multiple board representations and other principal commitments, the Nominating Committee is satisfied that the Directors have devoted sufficient time and attention to the matters of the Group. The Board does not see any reason to set the maximum number of listed company representations that any director may hold as all the directors are able to devote sufficient attention to the Company's affairs in light of their other commitments. However, as a general guideline, to address time commitments that may be faced, a director who holds more than 6 board representations of listed companies may consult the Chairman before accepting any new appointments as a director.

Principle 5: Board Performance

The Nominating Committee will use its best efforts to ensure that Directors appointed to the Board possess the necessary background, experience and knowledge to enable balanced and well-considered decisions to be made by the Board.

A review of the Board's performance is undertaken annually by the Nominating Committee with inputs from Board members and the Non-Executive Chairman.

CORPORATE GOVERNANCE

Apart from the fiduciary duties (i.e. act in good faith, with due diligence and care and in the best interest of the Company and its shareholders), the Board's key responsibilities are to set strategic directions and to ensure that the long term objective of enhancing shareholders' value is achieved. The Board's performance is also measured by its ability to support management especially in times of crisis and to steer the Company towards profitable directions. In doing so, the Board will take into consideration the financial indicators set out in the Code as guidelines for evaluating the Board's performance.

To evaluate the effectiveness of the Board as a whole, the Nominating Committee considered the adequacy and size of the Board, the Board's access to information, Board processes and accountability, and communication with senior management. The criteria for evaluation are reviewed by the Nominating Committee each year and changes are made where circumstances require.

Principle 6: Access to Information

In order to ensure that the Board is able to discharge its responsibilities, management is required to provide adequate and timely information to the Board on the Board's affairs and issues that require the Board's decision as well as ongoing reports relating to operational and financial performance of the Company.

The Board has separate and independent access to the senior management at all times. If the Directors, whether as a group or individually, need independent professional advice, the Company will upon directions by the Board, appoint a professional advisor selected by the group or individual to render the advice. The cost of such professional advice will be borne by the Company.

The Audit Committee meets our external auditors (Ernst & Young LLP) and internal auditors (KPMG Services Pte Ltd) separately on a quarterly basis, and without the presence of management on an annual basis.

The Company Secretary, or her representatives, attends all Board meetings and is responsible to ensure that the Board procedures are followed. It is the Company Secretary's responsibility to ensure that the Company comply with requirements of the Companies Act. Together with the management, the Company Secretary is responsible for the compliance with all rules and regulations which are applicable to the Company.

Remuneration matters

Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration

The Remuneration Committee comprises three Independent non-executive directors. The members of the Remuneration Committee are Mr Phua Tin How, who is also the Chairman of the Remuneration Committee, Mr Lim Tong Lee and Mr Lim Hwee Hai.

The key function of the Remuneration Committee is to review and recommend to the Board, in consultation with management, a framework for all aspects of remuneration. The Remuneration Committee also determines the specific remuneration packages and terms of employment for Executive Directors as well as senior executives.

CORPORATE GOVERNANCE

The Remuneration Committee has access to expert professional advice on human resource matters whenever there is a need to consult externally. In its deliberations, the Remuneration Committee takes into consideration industry practices and norms in compensation in addition to the Company's relative performance and the performance of the individual Directors. No Director will be involved in deciding his own remuneration.

The three Executive Directors have each entered into service agreements with the Company on 27 September 2013 for a period of three years. The Executive Directors' compensation consists of their salary, bonus and benefits.

The Board will on an annual basis, submit a proposal for Directors' Fees as a lump sum for shareholders' approval. The sum to be paid to each of the Independent directors shall be determined by his contribution to the Company, taking into account factors such as efforts and time spent as well as his responsibilities on the Board. Generally, directors who undertake additional duties as chairman and/or members of the Board Committees will receive higher fees because of their additional responsibilities.

The Board will be recommending proposed Directors' Fees amounting to $86,667/- for the financial year ended 31 December 2013 (31 December 2012: $nil).

Principle 9: Disclosure on Remuneration

The following table sets out the names of Directors whose remuneration bands fell (i) within and below $250,000; and (ii) between $250,000 and $500,000 for the financial year ended 31 December 2013, together with a breakdown (in percentage terms) of each directors' remuneration earned through base/fixed salary, variable or performance related income/bonuses, and directors' fees proposed to be paid to each Director subject to the approval of shareholders at the AGM:

	Below $250,000			Between $250,000 and $500,000		
	Percentage (%)			Percentage (%)		
	Remuneration earned through:			Remuneration earned through:		
	Base/fixed salary	Variable or performance related income/ bonuses	Directors' Fees	Base/fixed salary	Variable or performance related income/ bonuses	Directors' Fees
Phua Tin How	–	–	100	–	–	–
Yeah Hiang Nam	–	–	–	84	15	1
Yeah Lee Ching	86	14	–	–	–	–
Yeah Chia Kai	86	14	–	–	–	–
Lim Tong Lee	–	–	100	–	–	–
Lim Hwee Hai	–	–	100	–	–	–

CORPORATE GOVERNANCE

Of the remunerations of the key management personnel who are not directors or the Chief Executive Officer of the Company for the financial year ended 31 December 2013, the remunerations of two executives fell within the remuneration band of $250,000 and below and the remuneration of one executive fell within the remuneration band of between $250,000 and $500,000.

The Company has not disclosed exact details of the remuneration of its key management personnel as it is not in the best interests of the Company and the employees to disclose such details due to the sensitive nature of such information. The annual aggregate remuneration paid to the three key management personnel of the Company (who are not directors or the Chief Executive Officer) for the financial year ended 31 December 2013 is approximately $387,000.

There is one employee in the Group who is an immediate family member of the Executive Director and the CEO, Mr Yeah Hiang Nam and whose remuneration does not exceed $100,000.

No termination, retirement and post-employment benefit were granted to any Director, the CEO or any top three key management personnel for the year ended 31 December 2013

Accountability and audit

Principle 10: Accountability

The Board is mindful of its obligations to provide timely and fair disclosure of material information in compliance with statutory reporting requirements. Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts, or simultaneously with such meetings. As part of the Company's commitment to maintain regular communication with our shareholders, the Company has adopted quarterly reporting as required by the Code. Financial results and annual reports will be announced or issued within the mandatory period.

Principle 11: Risk Management and Internal Controls

The Board has ultimate responsibility for maintaining a sound system of internal controls to safeguard shareholders' interests and the Group's assets. The system of internal controls is intended to provide reasonable but not absolute assurance against material misstatement or loss, and includes the safeguarding of assets, maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislation, regulation and best practices, and identification and containment of business risk.

The Group's system of internal controls is designed to provide reasonable assurance that assets are safeguarded, that proper accounting records are maintained, and that financial information used within the business and for publication are reliable.

A Whistle-Blowing policy is also in place to provide an avenue through which employees may report or communicate, in good faith and in confidence, any concerns relating to financial and other matters, so that independent investigation of such matters can be conducted and appropriate follow-up action taken. The Audit Committee Chairman is in charge of managing this specific area. The Whistle-Blowing Policy has been reviewed by the Audit Committee to ensure that it has been properly implemented.

CORPORATE GOVERNANCE

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the Audit Committee and the Board. The risk issues are highlighted on pages 98 to 101 under note 29 to the financial statements.

The external auditors, in the course of conducting their annual audit procedures on the statutory financial statements, also reviewed the Group's significant internal financial controls to the extent of their scope as laid out in their audit plan. Any material non-compliance and internal financial control weaknesses noted by the external auditors are reported to the Audit Committee together with the external auditors' recommendations. The management would then take appropriate actions to rectify the weaknesses highlighted.

The Audit Committee, in the course of its review of the reports presented by the external and internal auditors, also reviewed the effectiveness of the Group's system of internal controls. The Board, with the concurrence of the Audit Committee, is of the opinion that there are adequate internal controls and risk management systems to meet the financial, operational and compliance risks of the Group in its current business environment.

Principle 12: Audit Committee

The Audit Committee comprises three independent non-executive Directors, Mr Lim Tong Lee, Mr Phua Tin How and Mr Lim Hwee Hai. Mr Lim Tong Lee is the Chairman of the Audit Committee.

The Audit Committee holds periodic meetings to perform the following functions:

(a) review with the external auditors and internal auditors their audit plans, and the results of their review and evaluation of the Group's system of internal controls;

(b) review the financial statements and the external auditors' report on those financial statements, before submission to the Board for approval;

(c) review the co-operation given by the management to the external auditors and internal auditors;

(d) recommend the appointment and re-appointment of external auditors to the Board;

(e) review interested person transactions; and

(f) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Singapore Exchange Securities Trading Limited listing manual ("**Listing Manual**"), and by such amendments made thereto from time to time.

In addition to the above, the Audit Committee is empowered to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which are or is likely to have a material impact on our Group's operating results and/or financial position.

CORPORATE GOVERNANCE

Each member of the Audit Committee shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the Audit Committee in respect of matters in which he is interested.

Pursuant to Rule 1207 (6)(b) and (6)(c) of the Listing Manual, the Audit Committee undertook the review of the independence and objectivity of the external auditors as well as reviewing the non-audit services provided by the incumbent auditors, and the aggregate amount of audit fees paid to them. The Audit Committee is satisfied that neither their independence nor their objectivity is put at risk, and that they are still able to meet the audit requirements and statutory obligations of the Company. Accordingly, the Audit Committee has recommended the re-appointment of Ernst & Young LLP as auditors at the forthcoming AGM of the Company. In recommending the re-appointment of the auditors, the Audit Committee considered and reviewed a variety of factors including adequacy of resources, experience of supervisory and professional staff to be assigned to the audit, and size and complexity of the Group, its businesses and operations.

In appointing our auditors for the Company and its subsidiaries, we have complied with the requirements of Rules 712 and 715 of the SGX Listing Manual.

Pursuant to Rule 1207 (6)(a), the fees payable to auditors is set out on page 68 under Note 8 to the financial statements.

Principle 13: Internal Audit

The Audit Committee's responsibility in overseeing that the Company's risk management system and internal controls are adequate will be complemented by the outsourced internal auditor, KPMG Services Pte Ltd, whom the Company has appointed. The internal auditor had adopted the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The internal auditor will report directly to the Chairman of the Audit Committee on audit matters. The internal auditor will plan its audit work in consultation with, but independently of, the management, and its yearly plan will be submitted to the Audit Committee for approval at the beginning of the year. The internal auditor will report to the Audit Committee regarding its findings. The Audit Committee will meet the internal auditor on a quarterly basis, and without the presence of the management annually. The internal auditor has full access to all the Company's documents, records, properties and personnel including access to the Audit Committee.

Based on the external and internal auditors' findings, the Board with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls addressing financial, operational and compliance risks are adequate in meeting the needs of the Group and provide reasonable (though not absolute) assurance against material financial misstatements and to ensure the safeguard of the Group's assets. The internal controls ensure the Group's maintenance of proper accounting records, compliance with applicable regulations and best practices, and timely identification and containment of financial, operational and compliance risks. The Audit Committee is also satisfied that there were no material internal control deficiencies identified.

CORPORATE GOVERNANCE

Communication with shareholders

Principle 14: Shareholder Rights
Principle 15: Greater Shareholder Participation
Principle 16: Conduct of Shareholder Meetings

We believe in regular and timely communication with shareholders as part of the Group's effort to help our shareholders understand our business better.

In line with the continuous obligations of the Company pursuant to the Listing Manual and the Companies Act, the Board's policy is that all shareholders should be equally and timely informed of all major developments that impact on the Company or the Group. It is also the Board's policy that all corporate news, strategies and announcements are promptly disseminated through SGXNET, press releases as well as various media. The Company does not practice selective disclosure.

We support the Code's principle to encourage shareholder participation. Shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Company's strategy and goals. Notice of the AGM is dispatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 days before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either formally or informally before or at the AGM.

The Company's dividend policy endeavours to balance dividend return to shareholders with the need for long-term sustainable growth whilst aiming for an efficient capital structure. The Company strives to provide shareholders on an annual basis with a consistent and sustainable ordinary dividend, with a variable special dividend based on cash position, working capital, expenditure plans, acquisition opportunities and market environment.

The Company has declared a final dividend for the year ended 31 December 2013. Any payouts are communicated to shareholders via announcement on SGXNET when the Company discloses its financial results.

Dealing in securities

All Directors and Executives of the Group are not allowed to deal in the Company's securities during the period commencing two weeks before the announcement of the Company's quarterly results and one month before the announcement of the Company's full year financial statements.

Internal guidelines applicable to all directors and affected staff of the Group with regard to dealings in the shares of the Company have been adopted whereby such dealings are strictly prohibited during prescribed periods until the announcements of the relevant results are made. The employees and directors of the Group are also reminded to observe the insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's shares on short-term considerations.

CORPORATE GOVERNANCE

Interested person transactions policy

The Company has adopted an internal policy in respect of any transactions with interested persons and has set out the procedures for review and approval of the Company's interested person transactions.

Details of the interested person transactions above $100,000 entered into during the financial year ended 31 December 2013 are disclosed as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year ended 31 December 2013 (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S$'000)	Aggregate value of all interested person transactions during the financial year ended 31 December 2013 conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) (S$'000)
Lease of premises		
Yeah Properties Pte Ltd	302	–
Yeah Capital Pte Ltd	149	–
Sale of pre-owned jewellery and gold		
Golden Goldsmith Jewellers	208	–
Hwa Goldsmith and Jewellers	1,542	–
Lee Heng Jewellers	165	–
Lucky Jewellery	413	–
Purchase of pre-owned jewellery and gold		
Golden Goldsmith Jewellers	7,547	–
Lee Heng Jewellers	133	–

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920.

CORPORATE GOVERNANCE

Material contracts

Save as disclosed in the section entitled “Interested Person Transactions” and the Restructuring Exercise highlighted in Note 1.2 to the financial statements on pages 41 to 43 of the annual report, there were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the Chief Executive Officer, any director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

Use of proceeds from Initial Public Offering (“IPO”)

The Company has utilised approximately $31.9 million of the net proceeds raised from the IPO of the Company’s shares. Of the net proceeds allocated for expansion of business, $3.1 million was utilised to increase the share capital of two wholly owned subsidiaries and $2.1 million (MYR5.6 million) was used for the Group’s share of investment in three Malaysian associated companies which were incorporated in November 2013. The full $26.7 million of the net proceeds allocated for working capital purposes have been used to reduce the utilisation of bank overdrafts and revolving credit facilities.

DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of ValueMax Group Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2013.

Directors

The directors of the Company in office at the date of this report are:

Phua Tin How	(appointed on 27 September 2013)
Yeah Hiang Nam	
Yeah Lee Ching	(appointed on 12 April 2013)
Yeah Chia Kai	(appointed on 27 September 2013)
Lim Tong Lee	(appointed on 27 September 2013)
Lim Hwee Hai	(appointed on 27 September 2013)

Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares or debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest			Deemed interest		
Name of director	**At the beginning of financial year or date of appointment**	**At the end of financial year**	**At 21 January 2014**	**At the beginning of financial year or date of appointment**	**At the end of financial year**	**At 21 January 2014**
Ordinary shares of the Company						
Yeah Hiang Nam	2,493,868	42,528,000	42,528,000	2,493,868	355,769,960	355,769,960
Yeah Lee Ching	373,173	–	–	–	–	–
Yeah Chia Kai	75,313	–	–	–	–	–
Lim Hwee Hai	–	–	–	–	1,000,000	1,141,000
Ordinary shares of the ultimate holding company Yeah Holdings Pte. Ltd.						
Yeah Hiang Nam	1	3,766,001	3,766,001	1	3,766,001	3,766,001
Yeah Lee Ching	–	1,076,000	–	–	–	–
Yeah Chia Kai	–	1,076,000	–	–	–	–

DIRECTORS' REPORT

By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Yeah Hiang Nam is deemed to have an interest in the shares of all the subsidiaries and associated companies to the extent held by the Company.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Options

At an Extraordinary General Meeting held on 11 October 2013, shareholders approved the ValueMax Performance Share Plan for the granting of non-transferable share awards that are settled by the physical delivery of the ordinary shares of the Company or by cash settlement, to eligible employees and controlling shareholders and their associates.

The committee administering the ValueMax Performance Share Plan comprises three directors, Phua Tin How, Lim Tong Lee and Lim Hwee Hai.

Since the commencement of the ValueMax Performance Share Plan till the end of the financial year, no share awards have been granted.

Audit committee

The Audit Committee (AC) performed the functions specified in the Singapore Companies Act, Cap. 50. The functions performed are detailed in the Report on Corporate Governance.

DIRECTORS' REPORT

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors,

Yeah Hiang Nam
Director

Yeah Lee Ching
Director

Singapore
25 March 2014

STATEMENT BY DIRECTORS

We, Yeah Hiang Nam and Yeah Lee Ching, being two of the directors of ValueMax Group Limited, do hereby state that, in the opinion of the directors,

(i) the accompanying statements of financial position, consolidated statement of comprehensive income, statements of changes in equity, and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors,

Yeah Hiang Nam
Director

Yeah Lee Ching
Director

Singapore
25 March 2014

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VALUEMAX GROUP LIMITED
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Report on the financial statements

We have audited the accompanying financial statements of ValueMax Group Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 32 to 103, which comprise the statements of financial position of the Group and the Company as at 31 December 2013, and the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VALUEMAX GROUP LIMITED
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

25 March 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

(AMOUNTS IN SINGAPORE DOLLARS)

	Note	2013 $'000	2012 $'000
Revenue	4	**353,148**	508,984
Cost of sales		**(330,427)**	(483,203)
Gross profit		**22,721**	25,781
Other item of income			
Other operating income	5	**2,642**	1,242
Other items of expense			
Marketing and distribution expenses		**(300)**	(198)
Administrative expenses		**(12,270)**	(9,759)
Finance costs	6	**(176)**	(314)
Other operating expenses	7	**(4,103)**	(656)
Share of results of associates		**1,909**	797
Profit before tax	8	**10,423**	16,893
Income tax expense	11	**(853)**	(2,034)
Profit for the year		**9,570**	14,859
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		**(142)**	–
Total comprehensive income for the year		**9,428**	14,859
Profit for the year attributable to:			
Owners of the Company		**9,357**	14,346
Non-controlling interests		**213**	513
		9,570	14,859
Total comprehensive income for the year attributable to:			
Owners of the Company		**9,215**	14,346
Non-controlling interests		**213**	513
		9,428	14,859
Earnings per share (cents per share)			
Basic and diluted	12	**2.32**	3.84

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF
FINANCIAL POSITION

AS AT 31 DECEMBER 2013

(AMOUNTS IN SINGAPORE DOLLARS)

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Non-current assets					
Property, plant and equipment	13	**4,967**	2,535	**40**	55
Investment in subsidiaries	14	**–**	–	**27,804**	23,607
Investment in associates	15	**7,442**	3,511	**1,874**	2,265
Other investments	16	**701**	399	**701**	399
		13,110	6,445	**30,419**	26,326
Current assets					
Inventories	17	**43,300**	32,364	**–**	–
Trade and other receivables	18	**136,211**	145,784	**55,605**	18,470
Prepaid operating expenses		**918**	854	**77**	234
Income tax receivable		**–**	–	**9**	–
Cash and bank balances	19	**46,520**	3,087	**37,817**	–
		226,949	182,089	**93,508**	18,704
Total assets		**240,059**	188,534	**123,927**	45,030
Current liabilities					
Trade and other payables	20	**10,873**	18,546	**305**	3,102
Other liabilities	21	**1,518**	1,546	**621**	802
Interest-bearing loans and borrowings	22	**74,985**	90,751	**–**	905
Income tax payable		**1,351**	3,552	**–**	130
		88,727	114,395	**926**	4,939
Net current assets		**138,222**	67,694	**92,582**	13,765
Non-current liabilities					
Provisions	23	**224**	29	**–**	–
Deferred tax liabilities	11	**385**	49	**7**	7
Interest-bearing loans and borrowings	22	**–**	2	**–**	–
		609	80	**7**	7
Total liabilities		**89,336**	114,475	**933**	4,946
Net assets		**150,723**	74,059	**122,994**	40,084

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

(AMOUNTS IN SINGAPORE DOLLARS)

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Equity attributable to owners of the Company					
Share capital	24	**78,313**	5,742	**78,313**	5,742
Retained earnings		**74,024**	64,667	**44,681**	34,342
Other reserves	25	**(5,757)**	1,843	**–**	–
		146,580	72,252	**122,994**	40,084
Non-controlling interests		**4,143**	1,807	**–**	–
Total equity		**150,723**	74,059	**122,994**	40,084
Total equity and liabilities		**240,059**	188,534	**123,927**	45,030

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF
CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
(AMOUNTS IN SINGAPORE DOLLARS)

		Attributable to owners of the Company							
	Note	Share capital $'000	Capital reserve $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Group									
2013									
At 1 January 2013		5,742	1,843	–	–	64,667	72,252	1,807	74,059
Profit for the year		–	–	–	–	9,357	9,357	213	9,570
Other comprehensive income									
Foreign currency translation		–	–	–	(142)	–	(142)	–	(142)
Total comprehensive income for the year		–	–	–	(142)	9,357	9,215	213	9,428
Contributions by and distributions to owners									
Shares issued for acquisition of associated companies	15	3,730	–	–	–	–	3,730	–	3,730
Shares issued for acquisition of an investee company	1.2	688	–	–	–	–	688	–	688
Issuance of ordinary shares pursuant to the initial public offering	24	70,380	–	–	–	–	70,380	–	70,380
Share issuance expense	24	(2,227)	–	–	–	–	(2,227)	–	(2,227)
Dividends paid to non-controlling interests		–	–	–	–	–	–	(303)	(303)
Adjustment pursuant to the Restructuring Exercise	1.2	–	–	(7,599)	–	–	(7,599)	–	(7,599)
Total contributions by and distributions in their capacity as owners		72,571	–	(7,599)	–	–	64,972	(303)	64,669

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

(AMOUNTS IN SINGAPORE DOLLARS)

		Attributable to owners of the Company							
	Note	Share capital $'000	Capital reserve $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Group									
2013									
Changes in ownership interests in subsidiaries									
Acquisition of a subsidiary	14	–	–	–	–	–	–	3,527	3,527
Acquisition of non-controlling interests without a change in control	14	–	141	–	–	–	141	(1,101)	(960)
Total changes in ownership interests in subsidiaries		–	141	–	–	–	141	2,426	2,567
Total transactions with owners in their capacity as owners		–	141	–	–	–	141	2,426	2,567
At 31 December 2013		78,313	1,984	(7,599)	(142)	74,024	146,580	4,143	150,723

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

(AMOUNTS IN SINGAPORE DOLLARS)

	Attributable to owners of the Company							
	Share capital $'000	Capital reserve $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Group								
2012								
At 1 January 2012	5,742	1,843	–	–	50,321	57,906	1,443	59,349
Profit for the year, representing total comprehensive income for the year	–	–	–	–	14,346	14,346	513	14,859
Contributions by and distributions to owners								
Dividends paid to non-controlling interests	–	–	–	–	–	–	(149)	(149)
Total transactions with owners in their capacity as owners	–	–	–	–	–	–	(149)	(149)
At 31 December 2012	5,742	1,843	–	–	64,667	72,252	1,807	74,059

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
(AMOUNTS IN SINGAPORE DOLLARS)

	Note	Share capital $'000	Retained earnings $'000	Total $'000
Company				
At 1 January 2012		5,742	25,460	31,202
Profit for the year, representing total comprehensive income for the year		–	8,882	8,882
At 31 December 2012 and 1 January 2013		**5,742**	**34,342**	**40,084**
Profit for the year, representing total comprehensive income for the year		**–**	**10,339**	**10,339**
Contributions by and distributions to owners				
Shares issued for acquisition of associated companies	15	**3,730**	**–**	**3,730**
Shares issued for acquisition of an investee company	1.2	**688**	**–**	**688**
Issuance of ordinary shares pursuant to the initial public offering	24	**70,380**	**–**	**70,380**
Share issuance expense	24	**(2,227)**	**–**	**(2,227)**
Total transactions with owners in their capacity as owners		**72,571**	**–**	**72,571**
At 31 December 2013		**78,313**	**44,681**	**122,994**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

(AMOUNTS IN SINGAPORE DOLLARS)

	Note	2013 $'000	2012 $'000
Operating activities			
Profit before tax		**10,423**	16,893
Adjustments for:			
Depreciation of property, plant and equipment	13	**504**	322
Allowance for doubtful trade receivables	7	**2,546**	656
Allowance for write-down of inventories	7	**160**	–
Interest income	5	**(249)**	(175)
Finance costs	6	**1,762**	2,208
Dividend income from unquoted investments		**(76)**	(76)
Decrease/(increase) in fair value of inventories less point-of-sale costs	17	**1,719**	(30)
Net fair value (gain)/loss on financial liability at fair value through profit or loss	8	**(510)**	2
Excess of fair value over consideration of interest acquired in a subsidiary	14	**(405)**	–
Gain on remeasurement of investment in associate to fair value upon business combination achieved in stages	14	**(685)**	–
Share of results of associates		**(1,909)**	(797)
Listing expenses		**1,397**	–
Unrealised exchange gain		**–**	(316)
Operating cash flows before changes in working capital		**14,677**	18,687
Changes in working capital			
Increase in inventories		**(11,832)**	(5,435)
Decrease in trade and other receivables		**23,397**	4,061
Increase in prepaid operating expenses		**(50)**	(750)
Decrease in trade and other payables		**(24,568)**	(3,392)
(Decrease)/increase in other liabilities		**(176)**	269
Cash flows from operations		**1,448**	13,440
Interest received		**249**	175
Finance costs paid		**(1,762)**	(2,208)
Income taxes paid		**(3,348)**	(2,034)
Net cash flows (used in)/generated from operating activities		**(3,413)**	9,373
Investing activities			
Purchase of property, plant and equipment	A	**(228)**	(522)
Acquisition of non-controlling interests in subsidiaries	14	**(960)**	–
Net cash outflow on acquisition of a subsidiary	14	**(847)**	–
Acquisition of additional interest in an associate	15	**(480)**	(248)
Acquisition of unquoted investments		**(13)**	–
Dividend income from associates		**802**	468
Dividend income from other investments		**76**	76
Net cash flows used in investing activities		**(1,650)**	(226)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
(AMOUNTS IN SINGAPORE DOLLARS)

	Note	2013 $'000	2012 $'000
Financing activities			
Proceeds from short-term bank borrowings		**12,000**	29,666
Repayment of short-term bank borrowings		**(19,442)**	–
Repayment of loans from related parties		**–**	(21,798)
Repayment of obligations under finance leases		**(3)**	(1)
Gross proceeds from issuance of ordinary shares pursuant to the initial public offering	24	**70,380**	–
Listing expenses	24	**(3,624)**	–
Dividends paid to non-controlling interests		**(303)**	(149)
Net cash flows from financing activities		**59,008**	7,718
Net increase in cash and cash equivalents		**53,945**	16,865
Cash and cash equivalents at beginning of year		**(8,431)**	(25,296)
Cash and cash equivalents at end of year	19	**45,514**	(8,431)

Note to the consolidated statement of cash flows

A. Property, plant and equipment

	Note	2013 $'000	2012 $'000
Current year additions to property, plant and equipment	13	**423**	558
Less: Additions under finance leases	13	**–**	(7)
Less: Provision for restoration costs included in "Renovations"		**(195)**	(29)
Net cash outflow for purchase of property, plant and equipment		**228**	522

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

1. Corporate information

1.1 The Company

The Company was incorporated on 7 August 2003 under the Companies Act as a private company limited by shares under the name of Fang Yuan Holdings Pte. Ltd.. It changed its name to ValueMax Group Pte. Ltd. on 7 April 2004.

On 16 October 2013, the Company was converted to a public limited company and changed its name to ValueMax Group Limited (the "Company"). It was listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 30 October 2013. The immediate and ultimate holding company is Yeah Holdings Pte. Ltd. ("Yeah Holdings"), which is incorporated in Singapore.

The registered office and principal place of business of the Company is located at 213 Bedok North Street 1, #01-121, Singapore 460213.

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

1.2 The Restructuring Exercise

Transfer of businesses under common control

The Group undertook the following transaction as part of a corporate reorganisation implemented in preparation for its listing on the SGX-ST (the "Restructuring Exercise"), the effects of which have been included in the Group's financial statements for the comparative period of the financial year ended 31 December 2012:

Transfer of gold trading and retail of pre-owned jewellery businesses from Yeah Capital Pte. Ltd. ("Yeah Capital") and Dormant2 Jewellery Pte. Ltd. ("Dormant2 Jewellery"), respectively

Pursuant to the business transfer agreements dated 1 January 2013 and 1 February 2013 respectively, ValueMax Precious Metals Pte. Ltd. and Spring Jewellery (SG) Pte. Ltd. purchased the gold trading and retail of pre-owned jewellery businesses of Yeah Capital and Dormant2 Jewellery, respectively. The purchase consideration for the retail of pre-owned jewellery business of Dormant2 Jewellery was approximately $1,787,000, being the carrying value of the net assets of the retail of pre-owned jewellery business of Dormant2 Jewellery acquired by the Group as at 31 January 2013. The purchase consideration for the gold trading business of Yeah Capital was approximately $12,438,000, being the carrying value of the net assets of the gold trading business of Yeah Capital acquired by the Group as at 31 December 2012. The purchase consideration for each of the businesses of Yeah Capital and Dormant2 Jewellery was satisfied by cash payments to Yeah Capital and Dormant2 Jewellery respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

1. Corporate information (cont'd)

1.2 The Restructuring Exercise (cont'd)

Transfer of businesses under common control (cont'd)

The above Restructuring Exercise is considered to be a business combination involving entities under common control and is accounted for by applying the pooling of interests method. Accordingly, the assets and liabilities of these businesses transferred have been included in the Group's financial statements for the comparative period of the financial year ended 31 December 2012 at their carrying amounts. Although the Restructuring Exercise occurred in January and February 2013, the Group's financial statements for the comparative period of the financial year ended 31 December 2012 present the financial condition and results of operations as if the businesses had always been combined since the beginning of the earliest period presented.

In connection with the Restructuring Exercise, the Group also undertook the transactions described below, the effects of which have not been included in the Group's financial statements for the comparative period of the financial year ended 31 December 2012:

(a) Acquisition of equity interests in ValueMax Pawnshop Pte. Ltd., ValueMax Pawnshop (BD) Pte. Ltd., ValueMax Pawnshop (PR) Pte. Ltd., ValueMax Pawnshop (CCK) Pte. Ltd., ValueMax Pawnshop (WL) Pte. Ltd., ValueMax Pawnshop (EL) Pte. Ltd., ValueMax Pawnshop (BK) Pte. Ltd., ValueMax Pawnshop (SG) Pte. Ltd., ValueMax Retail Pte. Ltd., Soon Hong Pawnshop Pte. Ltd., Ban Soon Pawnshop Pte. Ltd., Ban Lian Pawnshop Pte. Ltd., Ban Seng Pawnshop Pte. Ltd. ("Ban Seng Pawnshop") and Fook Loy Trading Pte. Ltd. (collectively, the "Singapore Entities")

Pursuant to a share purchase agreement dated 1 August 2013 entered into between the Company (as the purchaser) and certain shareholders of the Singapore Entities (the "Existing Shareholders"), the Company acquired the shares held by the Existing Shareholders in the Singapore Entities for an aggregate consideration of approximately $2,928,000. Save for Ban Seng Pawnshop, the purchase consideration was arrived at based on the latest audited net asset value of the companies as at 31 December 2012. The purchase consideration of Ban Seng Pawnshop of $688,000, was at a premium of approximately $272,000 above the latest audited net asset value of Ban Seng Pawnshop as at 31 December 2012. The purchase consideration was satisfied by (a) the issue and allotment of 53,344 ordinary shares at $12.90 per ordinary share (being the approximate net asset value per share of the Group as at 31 December 2012) in the issued share capital of the Company, credited as fully paid, by the Company to the Existing Shareholders; and (b) in cash of an amount of approximately $2,240,000 to the Existing Shareholders. The Existing Shareholders then renounced and transferred all the 53,344 shares received as purchase consideration to Yeah Holdings.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

1. Corporate information (cont'd)

1.2 The Restructuring Exercise (cont'd)

Transfer of businesses under common control (cont'd)

(b) Acquisition of equity interests in Kedai Emas Well Chip Sdn. Bhd., Kedai Pajak Well Chip Sdn. Bhd., SYT Pavilion Sdn. Bhd. and Thye Shing Pawnshop Sdn. Bhd. (collectively, the "Malaysian Companies")

Pursuant to the share restructuring agreements dated 12 August 2013 (the "Malaysian Share Restructuring Agreements") entered into between the Company, Goldjew Sdn. Bhd. ("Goldjew"), Great Prompt Sdn. Bhd. ("Great Prompt") as well as the Managing Director and CEO, Yeah Hiang Nam, and his nominees, the Company acquired 46.6% of the issued share capital of each of the Malaysian Companies for a purchase consideration of approximately $3,279,000. VMM Holdings Sdn. Bhd., a subsidiary of the Group, was nominated to receive the shares. The purchase consideration was arrived at based on the latest audited net asset value of the Malaysian Companies as at 31 December 2012 of approximately RM 20,017,000 (equivalent to approximately $8,007,000), and was satisfied fully by the allotment and issue of 147,245, 55,278 and 86,632 ordinary shares at $12.90 per ordinary share (being the approximate net asset value per share of the Group as at 31 December 2012), credited as fully paid, to Yeah Hiang Nam, Goldjew and Great Prompt respectively.

Goldjew and Great Prompt are investment holding companies. They own various assets including real estate in Malaysia and are not in the business of pawnbroking. The shares of Goldjew and Great Prompt are beneficially owned by Yeah Hiang Nam.

Each of Goldjew and Great Prompt subsequently declared a dividend in specie in favour of Yeah Hiang Nam, whereupon the aggregate 141,190 shares which Goldjew and Great Prompt received pursuant to the Malaysian Share Restructuring Agreements were distributed to Yeah Hiang Nam. Goldjew and Great Prompt consequently ceased to hold any shares in the Company.

Yeah Hiang Nam thereafter renounced and transferred all the 289,155 shares received pursuant to the Malaysian Share Restructuring Agreements to Yeah Holdings.

Upon completion of the Malaysian Share Restructuring Agreement, the issued and paid-up share capital of the Company increased to approximately $10,160,000, comprising 6,084,584 shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD" or "$") and all values in the tables are rounded to the nearest thousand ("$'000") except as otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2013. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

According to the transitional provisions of FRS 113 *Fair Value Measurement*, FRS 113 has been applied prospectively by the Group on 1 January 2013.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Revised FRS 27 *Separate Financial Statements*	1 January 2014
Revised FRS 28 *Investments in Associates and Joint Ventures*	1 January 2014
Amendments to FRS 32 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to FRS 36 *Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
FRS 110 *Consolidated Financial Statements*	1 January 2014
FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014
Amendments to the transition guidance of FRS 110 *Consolidated Financial Statements,* FRS 111 *Joint Arrangements* and FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014
Amendments to FRS 110, FRS 111 and FRS 27: *Investment Entities*	1 January 2014

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

Description	Effective for annual periods beginning on or after
INT FRS 121 *Levies*	1 January 2014
Amendments to FRS 19 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Improvements to FRSs 2014	
– Amendments to FRS 24 *Related Party Disclosures*	1 July 2014
– Amendments to FRS 102 *Share-based Payment*	1 July 2014
– Amendments to FRS 103 *Business Combinations*	1 July 2014
– Amendments to FRS 108 *Operating Segments*	1 July 2014
– Amendments to FRS 113 *Fair Value Measurement*	1 July 2014

Except for FRS 112, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 112 is described below.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 *Disclosure of Interests in Other Entities* is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when applied in 2014.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

Basis of consolidation from 1 January 2010

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

– derecognises the carrying amount of any non-controlling interest;

– derecognises the cumulative translation differences recorded in equity;

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in profit or loss;

– re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(a) Basis of consolidation (cont'd)

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

– Acquisition of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

– Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between the non-controlling interest and the owners of the Company.

– Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 January 2010 have not been restated.

(b) Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations (cont'd)

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

(c) Business combinations involving entities under common control

Business combinations involving entities under common control are accounted for by applying the pooling of interests method which involves the following:

– The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.

– No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.

– No additional goodwill is recognised as a result of the combination.

– Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within equity as merger reserve.

– The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

– Comparatives are restated to reflect the combination as if it had occurred from the beginning of the earliest period presented in the financial statements or from the date the entities had come under common control, if later.

The Group's financial statements for the comparative period of the financial year ended 31 December 2012 have been prepared using the pooling of interest method as the Restructuring Exercise completed as described in Note 1.2 is a legal reorganisation of entities under common control. Under this method, the Company has been treated as the holding company of its subsidiaries for the financial year presented rather than from the date of completion of the Restructuring Exercise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(c) Business combinations involving entities under common control (cont'd)

Pursuant to this:

– Assets and liabilities of consolidated entities are reflected at their carrying amounts; and

– No amount is recognised for goodwill.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Functional and foreign currency

The financial statements are presented in SGD, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (cont'd)

2.6 Functional and foreign currency (cont'd)

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold properties	–	50 years
Machinery, tools, office equipment and computers	–	3 to 5 years
Furniture and fittings	–	5 years
Renovations	–	5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (cont'd)

2.7 Property, plant and equipment (cont'd)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.9 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (cont'd)

2.10 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of the operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of the profit or loss of its associates is the profit attributable to equity holders of the associate and, therefore is the profit or loss after tax and non-controlling interests in the subsidiaries of associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (cont'd)

2.11 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value plus directly attributable transaction costs.

Subsequent measurement

(i) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) Available-for-sale financial assets

Available-for-sale financial assets include equity securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (cont'd)

2.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition at fair value through profit or loss. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

(ii) Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (cont'd)

2.11 Financial instruments (cont'd)

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.12 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of the impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (cont'd)

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.14 Inventories

Inventories principally comprise gold held for trading and inventories that form part of the Group's normal purchase, sale or usage requirements for its retailing activities.

All the inventories of the Group for its gold trading business is measured at fair value less costs to sell, with changes in fair value less costs to sell recognised in profit or loss in the period of the change.

All the other inventories are stated at the lower of cost and net realisable value. Finished goods include costs of raw materials, labour and an attributable portion of overheads, determined on a specific identification basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.16 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to income, the government grant is recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented under other operating income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (cont'd)

2.17 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.18 Borrowing costs

Borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.19 Employee benefits

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (cont'd)

2.19 Employee benefits (cont'd)

(c) Employee share award plan

Employees of the Group receive remuneration in the form of share awards as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the awards at the date on which the awards are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share awards reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of awards that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the award does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The employee share award reserve is transferred to retained earnings upon expiry of the share award.

2.20 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (cont'd)

2.20 Leases (cont'd)

(a) As lessee (cont'd)

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21(c). Contingent rents are recognised as revenue in the period in which they are earned.

2.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue from retail and trading of pre-owned jewellery and gold is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Interest income

Interest income from loans to customers and from banks is recognised on a time-proportion basis using the effective interest method.

(c) Rental income

Rental income arising from operating leases on leasehold properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (cont'd)

2.21 Revenue (cont'd)

(d) Rendering of services

Revenue from the rendering of management services is recognised on an accrual basis upon rendering of services.

(e) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

2.22 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business consolidation and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (cont'd)

2.22 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business consolidation and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business consolidation is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business consolidation, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (cont'd)

2.22 Taxes (cont'd)

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 28, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.24 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (cont'd)

2.25 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business consolidation that are present obligations and which the fair values can be reliably determined.

2.26 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. Summary of significant accounting policies (cont'd)

2.26 Related parties (cont'd)

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting judgments and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Income taxes

The Group has exposure to income taxes in Singapore. Significant judgment is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable and deferred tax liabilities at the end of the reporting period was $1,351,000 (2012: $3,552,000) and $385,000 (2012: $49,000) respectively.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

3. Significant accounting judgments and estimates (cont'd)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 18 to the financial statements. If the present value of estimated future cash flows decrease by 10% from management's estimates, the Group's allowance for impairment will increase by $40,000 (2012: $66,000).

(b) Allowance for write-down of inventories

The Group assesses periodically the allowance for write-down of inventories for inventories that are stated at the lower of cost or net realisable value. When inventories are deemed obsolete or when the net realisable value falls below cost, the amount of obsolete inventories or fall in value is recognised as an allowance for write-down of inventories. To determine whether there is objective evidence of obsolescence or decline in net realisable value, the Group estimates future demand for the product and assesses prevailing market conditions and gold prices. The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 17 to the financial statements. A 5% change in the prevailing market gold prices is not expected to have a significant impact on the Group's financial statements.

(c) Valuation of pledged articles for collateralised loans of pawnbroking segment

The Group has trade receivables that are in the form of collateralised loans to customers. These loans are extended to customers based on a fraction of the individual values of the corresponding pledged articles, for which individual values are assigned to each article by the Group's appraisers. Estimating the values of the articles requires the Group to make certain estimates and assumptions, including assessing prevailing market conditions and gold prices. The carrying amount of such receivables at the end of the reporting period was $124,047,000 (2012: $122,920,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

4. Revenue

	Group 2013 $'000	Group 2012 $'000
Interest income from providing collateral loan services	**20,472**	22,273
Retail and trading of pre-owned jewellery and gold	**332,676**	486,711
	353,148	508,984

5. Other operating income

	Note	Group 2013 $'000	Group 2012 $'000
Rental income from leasehold property		**415**	265
Interest income on loans and receivables		**249**	175
Workmanship income		**6**	224
Dividend income from unquoted investments		**76**	76
Management fee income from director-related companies		**385**	416
Gain on remeasurement of investment in associate to fair value upon business combination achieved in stages	14	**685**	–
Excess of fair value over consideration of equity interest acquired in a subsidiary	14	**405**	–
Special Employment Credit		**68**	–
Grant income from SME cash grant		**6**	9
Income from assignment of tenancy agreement to unrelated party		**300**	–
Others		**47**	77
		2,642	1,242

The Special Employment Credit was introduced as a 2011 Budget Initiative to support employers as well as to raise the employability of older low-wage Singaporeans. It was enhanced in 2012 to provide employers with continuing support to hire older Singaporean workers.

During the financial year ended 31 December 2011, the Singapore Finance Minister announced the introduction of Corporate Income Tax Rebate or SME cash grant (for smaller companies that are not taxable) in Budget 2011. Under this Scheme, certain entities of the Group received a 5% cash grant on their respective total revenue, subject to a cap of $5,000 per entity.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

6. Finance costs

	Group	
	2013	2012
	$'000	$'000
Interest expense		
– Bank overdrafts	**207**	986
– Short-term bank borrowings	**1,401**	1,072
– Loans from director-related companies	**–**	4
– Loans from directors/shareholders	**154**	146
	1,762	2,208

Included in the consolidated statement of comprehensive income under:

– Cost of sales	**1,586**	1,894
– Finance costs	**176**	314
	1,762	2,208

7. Other operating expenses

		Group	
	Note	2013	2012
		$'000	$'000
Allowance for write-down of inventories	17	**160**	–
Allowance for doubtful trade receivables	18	**2,546**	656
Listing expenses	24	**1,397**	–
		4,103	656

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

8. Profit before tax

The following items have been included in arriving at profit before tax:

	Note	Group 2013 $'000	Group 2012 $'000
Audit fees paid to auditors of the Company		**176**	130
Non-audit fees:			
– Auditors of the Company		**462**	14
– Other auditors		**4**	16
Depreciation of property, plant and equipment	13	**504**	322
Employee benefits expense	9	**7,231**	6,105
Inventories recognised as an expense in cost of sales	17	**328,841**	481,309
Decrease/(increase) in fair value of inventories less point-of-sale costs	17	**1,719**	(30)
Operating lease expense	26(a)	**2,809**	2,076
Net fair value gain/(loss) on loan from an unrelated party		**510**	(2)

9. Employee benefits

	Group 2013 $'000	Group 2012 $'000
Employee benefits expense (including directors):		
Salaries and bonuses	**6,471**	5,466
Central Provident Fund contributions	**618**	557
Other personnel expenses	**232**	82
	7,321	6,105

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FINANCIAL STATEMENTS
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10. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place on terms agreed between the parties during the financial year:

	Group	
	2013	**2012**
	$'000	**$'000**
Sale of goods to director-related companies	**2,804**	2,345
Purchase of goods from associates	**(2,751)**	(3,156)
Purchase of goods from an investee company	**(319)**	(322)
Purchase of goods from director-related companies	**(12,164)**	(7,394)
Purchase of services from a director-related company	**(1)**	–
Dividend income from associates	**802**	468
Dividend income from an investee company	**76**	76
Rental received from a director-related company	**–**	61
Rental paid to director-related companies	**(455)**	(550)
Rental paid to a director	**(60)**	(55)
Management fee income received from an associate	**127**	15
Management fee income received from an investee company	**18**	50
Management fee income received from director-related companies	**240**	246
Interest received from associates	**150**	41
Interest received from director-related companies	**–**	75
Interest paid to a director-related company	**–**	(4)
Interest paid to directors	**–**	(73)
Interest paid to shareholders	**(154)**	(69)

(b) Compensation of key management personnel

	Group	
	2013	**2012**
	$'000	**$'000**
Short-term employee benefits	**1,221**	1,096
Central Provident Fund contributions	**71**	83
Total compensation paid to key management personnel	**1,292**	1,179
Comprise amounts paid to:		
Directors of the Company	**905**	386
Other key management personnel	**387**	793
	1,292	1,179

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10. Related party transactions (cont'd)

(c) Commitments with related parties

On 1 May 2013, ValueMax Retail Pte. Ltd. ("VRP") entered into a 36-month agreement ending 30 April 2016 with Yeah Properties Pte. Ltd. ("Yeah Properties"), a director-related company, for the lease of one of VRP's retail outlets. The Group expects the rental paid to Yeah Properties to be $194,700, $194,700 and $64,900 in 2014, 2015 and 2016 respectively.

On 1 May 2013, ValueMax Pawnshop (SG) Pte. Ltd. ("VMSG") entered into a 36-month agreement ending 30 April 2016 with Yeah Properties for the lease of one of VMSG's pawnshop outlets. The Group expects the rental paid to Yeah Properties to be $116,820, $116,820 and $38,940 in 2014, 2015 and 2016 respectively.

On 2 May 2013, ValueMax Precious Metals Pte. Ltd. ("VMPM") entered into a 12-month agreement ending 1 May 2014 with Golden Goldsmith Jewellers ("GGJ"), a director-related company, for the lease of a retail outlet. The Group expects the rental paid to GGJ to be $2,000 in 2014.

On 1 August 2013, VRP entered into a 36-month agreement ending 1 August 2016 with Yeah Capital Pte. Ltd. ("Yeah Capital"), a director-related company, for the lease of one of VRP's retail outlets. The Group expects the rental paid to Yeah Capital to be $78,000, $78,000 and $45,500 in 2014, 2015 and 2016 respectively.

On 1 August 2013, VMSG entered into a 36-month agreement ending 1 August 2016 with Yeah Capital for the lease of one of VMSG's pawnshop outlets. The Group expects the rental paid to Yeah Capital to be $78,000, $78,000 and $45,500 in 2014, 2015 and 2016 respectively.

On 1 August 2013, VRP entered into a 36-month agreement ending 1 August 2016 with Mr. Yeah Hiang Nam ("YHN"), a director, for the lease of one of VRP's retail outlets. The Group expects the rental paid to YHN to be $25,600, $25,600 and $15,050 in 2014, 2015 and 2016 respectively.

On 1 August 2013, VMSG entered into a 36-month agreement ending 1 August 2016 with YHN for the lease of one of VMSG's pawnshop outlets. The Group expects the rental paid to YHN to be $25,800, $25,800 and $15,050 in 2014, 2015 and 2016 respectively.

On 1 November 2013, the Company entered into a 33-month agreement ending 1 August 2016 with YHN and his spouse, Mdm. Tan Hong Yee ("THY") for the lease of storage units. The Group expects the rental paid to YHN and THY to be $21,600, $21,600 and $12,600 in 2014, 2015 and 2016 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

11. Income tax expense

(a) Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2013 and 2012 are:

	Group	
	2013	**2012**
	$'000	**$'000**
Current income tax		
Current income taxation	**816**	2,030
Over provision in respect of previous years	**(299)**	–
	517	2,030
Deferred income tax		
Origination and reversal of temporary differences	**336**	4
Income tax expense recognised in profit or loss	**853**	2,034

(b) Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December is as follows:

	Group	
	2013	**2012**
	$'000	**$'000**
Profit before tax	**10,423**	16,893
Tax at the domestic rates applicable to profits in the countries where the Group operates	**1,791**	2,872
Adjustments:		
– Non-deductible expenses	**365**	35
– Income not subject to taxation	**(260)**	(83)
– Effect of partial tax exemption	**(623)**	(653)
– Deferred tax assets not recognised	**173**	22
– Over provision in respect of previous years	**(299)**	–
– Share of results of associates	**(325)**	(139)
– Others	**31**	(20)
Income tax expense recognised in profit or loss	**853**	2,034

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

11. Income tax expense (cont'd)

(c) Deferred income tax

	Group	
	2013	**2012**
	$'000	**$'000**
Balance at 1 January	**49**	45
Tax charged to profit or loss	**336**	4
Balance at 31 December	**385**	49

Deferred income tax as at 31 December relates to the following:

	Group	
	2013	**2012**
	$'000	**$'000**
Deferred tax liabilities		
Differences in depreciation for tax purposes	**23**	49
Fair value adjustments on acquisition of subsidiary	**362**	–
	385	49

At the end of the reporting period, the Group has tax losses and unabsorbed capital allowances of approximately $1,182,000 (2012: $99,000) and $nil (2012: $7,000) respectively that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these balances is subject to the agreement of the tax authorities and compliance with the relevant provisions of the tax legislation of the respective countries in which the companies operate.

12. Earnings per share

Basic earnings per share amounts is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

During the year, the number of ordinary shares outstanding increased as a result of a sub-division of shares. Accordingly, the calculation of basic earnings per share for all periods presented have been adjusted retrospectively.

	Group	
	2013	**2012**
Profit for the year attributable to owners of the Company ($'000)	**9,357**	14,346
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share computation ('000)	**403,203**	373,236
Basic and diluted earnings per share (cents)	**2.32**	3.84

The diluted earnings per share are the same as the basic earnings per share as there were no outstanding convertible securities for the financial years ended 31 December 2013 and 31 December 2012.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

13. Property, plant and equipment

	Leasehold properties $'000	Machinery, tools, office equipment and computers $'000	Furniture and fittings $'000	Renovations $'000	Total $'000
Group					
Cost					
At 1 January 2012	2,167	715	89	922	3,893
Additions	–	266	117	175	558
At 31 December 2012 and 1 January 2013	2,167	981	206	1,097	4,451
Additions	–	183	25	215	423
Acquisition of a subsidiary (Note 14)	2,500	6	7	–	2,513
Written off	–	(11)	–	–	(11)
At 31 December 2013	**4,667**	**1,159**	**238**	**1,312**	**7,376**
Accumulated depreciation					
At 1 January 2012	520	445	45	584	1,594
Depreciation charge for the year	43	137	20	122	322
At 31 December 2012 and 1 January 2013	563	582	65	706	1,916
Depreciation charge for the year	92	161	40	211	504
Written off	–	(11)	–	–	(11)
At 31 December 2013	**655**	**732**	**105**	**917**	**2,409**
Net carrying amount					
At 31 December 2012	1,604	399	141	391	2,535
At 31 December 2013	**4,012**	**427**	**133**	**395**	**4,967**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

13. Property, plant and equipment (cont'd)

	Machinery, tools, office equipment and computers $'000	Furniture and fittings $'000	Renovations $'000	Total $'000
Company				
Cost				
At 1 January 2012	153	14	50	217
Additions	6	1	–	7
At 31 December 2012 and 1 January 2013	159	15	50	224
Additions	2	5	2	9
At 31 December 2013	**161**	**20**	**52**	**233**
Accumulated depreciation				
At 1 January 2012	119	3	20	142
Depreciation charge for the year	17	3	7	27
At 31 December 2012 and 1 January 2013	136	6	27	169
Depreciation charge for the year	13	3	8	24
At 31 December 2013	**149**	**9**	**35**	**193**
Net carrying amount				
At 31 December 2012	23	9	23	55
At 31 December 2013	**12**	**11**	**17**	**40**

Restoration costs

Included in the Group's carrying amount of renovations is $136,000 (2012: $23,000) of provision for restoration costs.

Assets held under finance leases

During the financial year ended 31 December 2012, the Group acquired property, plant and equipment with an aggregate cost of $7,000 by means of finance leases.

The carrying amount of property, plant and equipment held under finance leases at the end of the reporting period was $5,000 (2012: $7,000), which has been included in the Group's carrying amount of machinery, tools, office equipment and computers.

Leased assets are pledged as security for the related finance lease liabilities.

Assets pledged as security

In addition to assets held under finance leases, a fixed and floating charge has been placed on the property, plant and equipment of certain subsidiaries of the Group as security for bank loans (Note 22). The carrying amount of the property, plant and equipment pledged at the end of the reporting period was $4,520,000 (2012: $2,142,000).

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14. Investment in subsidiaries

	Company	
	2013	**2012**
	$'000	**$'000**
Unquoted equity shares, at cost	**27,916**	23,719
Impairment losses	**(112)**	(112)
	27,804	23,607
Movement in impairment loss accounts:		
At 1 January	**112**	404
Additional impairment loss during the year	**–**	94
Reversal of impairment loss during the year	**–**	(386)
At 31 December	**112**	112

Reversal of impairment loss is due to a decrease in impairment loss required as a result of an increase in the net tangible assets value of the respective subsidiaries that were previously impaired.

The Company had the following subsidiaries as at 31 December:

Name of subsidiaries	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest 2013	2012
Held by the Company				
ValueMax Pawnshop Pte. Ltd. (1) (3)	Singapore	Pawnbroking	**100.00**	99.75
ValueMax Pawnshop (BD) Pte. Ltd. (1) (3)	Singapore	Pawnbroking	**97.70**	95.25
ValueMax Pawnshop (PR) Pte. Ltd. (1) (3)	Singapore	Pawnbroking	**90.89**	90.64
ValueMax Pawnshop (SG) Pte. Ltd. (1) (3)	Singapore	Pawnbroking	**100.00**	99.99
ValueMax Pawnshop (JP) Pte. Ltd. (1)	Singapore	Pawnbroking	**100.00**	100.00
ValueMax Pawnshop (CCK) Pte. Ltd. (1) (3)	Singapore	Pawnbroking	**100.00**	99.75
ValueMax Pawnshop (BK) Pte. Ltd. (1) (3)	Singapore	Pawnbroking	**100.00**	99.99

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

14. Investment in subsidiaries (cont'd)

Name of subsidiaries	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest 2013	2012
Held by the Company (cont'd)				
ValueMax Pawnshop (WL) Pte. Ltd. (1) (3)	Singapore	Pawnbroking	**97.50**	94.75
ValueMax Pawnshop (EL) Pte. Ltd. (1) (3)	Singapore	Pawnbroking	**100.00**	90.00
Ban Soon Pawnshop Pte. Ltd. (1) (3)	Singapore	Pawnbroking	**50.55**	32.71
ValueMax Retail Pte. Ltd. (1) (3)	Singapore	Retail sale of pre-owned jewellery	**100.00**	90.00
ValueMax International Pte. Ltd. (1)	Singapore	Investment holding and provision of management services	**100.00**	100.00
ValueMax Management Pte. Ltd. (1)	Singapore	Provision of management and IT services	**100.00**	100.00
ValueMax Corporate Services Pte. Ltd. (1)	Singapore	Provision of business management and consultancy services	**100.00**	100.00
ValueMax Precious Metals Pte. Ltd. (1)	Singapore	Retail and trading of gold	**100.00**	100.00
Spring Jewellery (SG) Pte. Ltd. (1)	Singapore	Retail sale of pre-owned jewellery	**100.00**	100.00
VMM Holdings Sdn. Bhd. (2)	Malaysia	Investment holding	**100.00**	–

(1) Audited by Ernst & Young LLP, Singapore.

(2) Newly incorporated during the financial year ended 31 December 2013.

(3) During the financial year ended 31 December 2013, the Company acquired additional interests in the respective entities as part of the Restructuring Exercise as detailed in Note 1.2.

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14. Investment in subsidiaries (cont'd)

Acquisition of a subsidiary

Pursuant to the Restructuring Exercise, on 1 August 2013, the Company acquired an additional 17.84% equity interest in its 32.71% owned associate, Ban Soon Pawnshop Pte. Ltd. ("BSP") for a cash consideration of approximately $868,000. Upon the acquisition, BSP became a subsidiary of the Group.

The Group has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of BSP's net identifiable assets.

The fair value of the identifiable assets and liabilities of BSP as at the acquisition date were:

	Fair value recognised on acquisition $'000
Property, plant and equipment	2,513
Trade and other receivables	16,370
Prepaid operating expenses	13
Inventories	983
Cash and bank balances	456
	20,335
Trade and other payables	9,289
Other liabilities	148
Loans and borrowings	3,135
Income tax payable	260
Deferred tax liability	370
	13,202
Total identifiable net assets at fair value	7,133
Non-controlling interest measured at the non-controlling interest's proportionate share of BSP's net identifiable assets	(3,527)
Excess of fair value over consideration of interest acquired in a subsidiary (Note 5)	(405)
	3,201

Consideration transferred for the acquisition of BSP

	$'000
Cash paid, representing total consideration transferred	868
Fair value of equity interest in BSP held by the Group immediately before the acquisition	2,333
	3,201

NOTES TO THE FINANCIAL STATEMENTS

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14. Investment in subsidiaries (cont'd)

Acquisition of a subsidiary (cont'd)

Effect of the acquisition of BSP on cash flows

	$'000
Consideration settled in cash	868
Less: Cash and bank balances of subsidiary acquired	(21)
Net cash outflow on acquisition	847

Gain on remeasuring previously held equity interest in BSP to fair value at acquisition date

The Group recognised a gain of $685,000 as a result of measuring at fair value its 32.71% equity interest in BSP held before the business combination. The gain is included in the "Other operating income" line item in the Group's profit or loss for the year ended 31 December 2013.

Gain on bargain purchase arising from acquisition

The gain on bargain purchase of $405,000 arose because the purchase consideration for the acquisition of the additional equity interests in BSP was arrived at based on the latest audited net asset value of BSP as at 31 December 2012, while the acquisition took place on 31 July 2013. The gain on bargain purchase is included in the "Other operating income" line item in the Group's profit or loss for the year ended 31 December 2013.

Impact of the acquisition on profit or loss

From the date of acquisition, BSP contributed $1,499,000 of revenue and a loss of $144,000 to the Group's profit for the year. If the business combination had taken place at the beginning of the year, the Group's revenue would have been $355,405,000 and the Group's profit for the year ended 31 December 2013 would have been $10,359,000.

Acquisition of non-controlling interests

Pursuant to the Restructuring Exercise, on 1 August 2013, the Company acquired additional equity interests in certain subsidiaries from their respective non-controlling interests for an aggregate cash consideration of $960,000. As a result of these acquisitions, ValueMax Pawnshop Pte. Ltd., ValueMax Pawnshop (SG) Pte. Ltd., ValueMax Pawnshop (CCK) Pte. Ltd., ValueMax Pawnshop (BK) Pte. Ltd., ValueMax Pawnshop (EL) Pte. Ltd. and ValueMax Retail Pte. Ltd. became wholly-owned subsidiaries of the Company. The aggregate carrying value of the additional interests acquired was $1,101,000. The aggregate difference of $141,000 between the aggregate consideration and the aggregate carrying value of the additional interests acquired has been recognised in "Capital reserve" within equity.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

14. Investment in subsidiaries (cont'd)

Acquisition of non-controlling interests (cont'd)

The following summarises the effect of the change in the Group's ownership interest in these subsidiaries on the equity attributable to owners of the Company:

	$'000
Aggregate consideration paid for acquisition of non-controlling interests	960
Decrease in equity attributable to non-controlling interests	(1,101)
Increase in equity attributable to owners of the Company	(141)

15. Investment in associates

	Group		Company	
	2013 $'000	**2012 $'000**	**2013 $'000**	**2012 $'000**
Unquoted shares, at cost	**5,468**	2,265	**1,874**	2,265
Share of post-acquisition reserves	**1,974**	1,246	**–**	–
	7,442	3,511	**1,874**	2,265

Name of associates	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest 2013 %	2012 %
Held by the Company				
Ban Soon Pawnshop Pte. Ltd. [(6)]	Singapore	Pawnbroking	**–**	32.71
Soon Hong Pawnshop Pte. Ltd. [(1)]	Singapore	Pawnbroking	**50.00**	49.75
Ban Lian Pawnshop Pte. Ltd. [(2)]	Singapore	Pawnbroking	**19.80**	10.60

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15. Investment in associates (cont'd)

Name of associates	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest 2013 %	2012 %
Held through VMM Holdings Sdn. Bhd.				
SYT Pavilion Sdn. Bhd. [3]	Malaysia	Investment holding	**46.58**	–
Thye Shing Pawnshop Sdn. Bhd. [4]	Malaysia	Pawnbroking	**46.58**	–
Kedai Emas Well Chip Sdn. Bhd. [3]	Malaysia	Retail and trading of pre-owned jewellery	**46.58**	–
Kedai Pajak Well Chip Sdn. Bhd. [3]	Malaysia	Pawnbroking	**46.58**	–
Pajak Gadai Bintang Sdn. Bhd. [3]	Malaysia	Pawnbroking	**46.58**	–
Pajak Gadai Shinegold Sdn. Bhd. [5]	Malaysia	Pawnbroking	**46.11**	–
Grand Chip Sdn. Bhd. [5]	Malaysia	Pawnbroking	**46.11**	–
SYT Berlian Sdn. Bhd. [5]	Malaysia	Pawnbroking	**46.11**	–

(1) Audited by Teo Liang Chye & Co., Singapore.

(2) Audited by Bob Eng & Partners., Singapore.

(3) Audited by Lim & Company, Malaysia.

(4) Audited by Cheng & Co., Malaysia

(5) Newly incorporated during the financial year ended 31 December 2013.

(6) Pursuant to the Restructuring Exercise, on 1 August 2013, the Company acquired an additional 17.84% equity interest in its 32.71% owned associate, BSP, for a cash consideration of approximately $868,000. Upon the acquisition, BSP became a subsidiary of the Group (Note 14).

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15. Investment in associates (cont'd)

Acquisition of equity interests in associates

During the financial year ended 31 December 2013, the Company acquired additional interests in Soon Hong Pawnshop Pte. Ltd. and Ban Lian Pawnshop Pte. Ltd. as part of the Restructuring Exercise as detailed in Note 1.2(a). Total cash consideration for these acquisitions amounted to $480,000.

During the financial year ended 31 December 2012, the Company acquired an additional 2.74% equity interest in Ban Soon Pawnshop Pte. Ltd. for a total cash consideration of $248,000.

Equity instruments issued as part of consideration transferred

In connection with the acquisition of 46.58% equity interests in SYT Pavilion Sdn. Bhd., Thye Shing Pawnshop Sdn. Bhd., Kedai Emas Well Chip Sdn. Bhd. and Kedai Pajak Well Chip Sdn. Bhd., the Company issued an aggregate of 289,155 ordinary shares at $12.90 per ordinary share as consideration, being the approximate net asset value per share of the Group as at 31 December 2012 (Note 1.2(b)).

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group	
	2013	**2012**
	$'000	**$'000**
Assets and liabilities:		
Total assets	**51,035**	29,070
Total liabilities	**34,149**	20,637
Results:		
Revenue	**12,256**	8,158
Profit for the year	**3,975**	2,019

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16. Other investments

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Unquoted shares, at cost	**701**	399	**701**	399

Unquoted shares are stated at cost less impairment as there is no market price and the fair value cannot be reliably measured using valuation techniques.

17. Inventories

	Group	
	2013	2012
	$'000	$'000
Consolidated statement of financial position:		
Commodity inventories at fair value	**5,198**	8,940
Other inventories at the lower of cost and net realisable value	**38,102**	23,424
	43,300	32,364
Consolidated statement of comprehensive income:		
Recognised in the statement of comprehensive income		
– Inventories recognised as an expense in cost of sales	**326,962**	481,309
– Inventories written-down	**160**	–
– Decrease/(increase) in fair value of inventories less point-of-sale costs	**1,719**	(30)

A floating charge has been placed on the inventories of certain subsidiaries of the Group as security for bank loans (Note 22). The carrying amount of inventories pledged as at the end of the reporting period was $30,139,000 (2012: $nil).

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18. Trade and other receivables

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Trade receivables		**133,393**	136,170	**–**	–
Other receivables		**333**	73	**217**	36
Deposits		**1,395**	1,224	**6**	92
Amounts due from subsidiaries (trade)		**–**	–	**1,049**	–
Amounts due from subsidiaries (non-trade)		**–**	–	**701**	1,456
Amounts due from associates (trade)		**16**	–	**2**	–
Amounts due from associates (non-trade)		**–**	33	**–**	33
Amount due from an investee company (non-trade)		**–**	14	**–**	–
Amounts due from director-related companies (trade)		**73**	493	**19**	–
Amounts due from director-related companies (non-trade)		**1**	2,777	**–**	943
Loans to subsidiaries		**–**	–	**52,611**	10,910
Loans to associates		**1,000**	5,000	**1,000**	5,000
Total trade and other receivables		**136,211**	145,784	**55,605**	18,470
Add:					
Cash and bank balances	19	**46,520**	3,087	**37,817**	–
Total loans and receivables		**182,731**	148,871	**93,422**	18,470

Trade and other receivables denominated in foreign currency at 31 December is as follows:

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
United States Dollar	**2,518**	4,266	**–**	–

Included in trade receivables are receivables from retail and trading of pre-owned jewellery and gold, and pawnbroking loans to customers.

Receivables from retail and trading of pre-owned jewellery and gold are non-interest bearing and are generally repayable on demand. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Pawnbroking loans to customers are loans which are interest bearing at 1.0% for the first month and 1.5% for the subsequent 5 months (2012: 1.0% for the first month and 1.5% for the subsequent 5 months). The quantum of loans granted to customers is based on a fraction of the value of the articles pledged to the Group.

NOTES TO THE FINANCIAL STATEMENTS

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18. Trade and other receivables (cont'd)

Related party balances

Amounts due from subsidiaries, associates, an investee company and director-related companies are unsecured, interest-free, repayable on demand and are to be settled in cash.

Loans to associates are unsecured, bear interest at 5.00% (2012: 5.00%) per annum, repayable on demand and are to be settled in cash.

Receivables that are past due but not impaired

The Group does not have receivables that are past due but not impaired as at 31 December 2013 and 2012.

Receivables that are impaired

The Group's trade receivables relating to the pawnbroking segment that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2013	**2012**
	$'000	**$'000**
Trade receivables – nominal amounts	**128,997**	128,722
Less: Allowance for impairment	**(399)**	(656)
	128,598	128,066
Movement in allowance accounts:		
At 1 January	**656**	–
Charge for the year	**2,546**	656
Written off	**(2,803)**	–
At 31 December	**399**	656

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to loans to customers that have defaulted on payments. These receivables are secured by the related articles pledged to the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

19. Cash and bank balances

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Cash at banks and on hand	**8,520**	3,087	**2,817**	–
Short-term deposits	**38,000**	–	**35,000**	–
	46,520	3,087	**37,817**	–

Cash at banks do not earn interest. Short-term deposits are made for varying periods of between one and twelve months, depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2013 for both the Group and the Company was 0.98%.

There are no cash and bank balances denominated in foreign currencies as at 31 December 2013 and 2012.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the reporting period:

		Group	
	Note	2013	2012
		$'000	$'000
Cash and bank balances		**46,520**	3,087
Bank overdrafts	22	**(1,006)**	(11,518)
Cash and cash equivalents		**45,514**	(8,431)

Bank overdrafts are denominated in SGD, bear interest at the banks' prime lending rate and are secured by a fixed and floating charge over the assets of certain subsidiaries of the Group, as disclosed in Note 22 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

20. Trade and other payables

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Trade payables		**4,003**	7,834	**–**	–
Other payables		**311**	2,107	**83**	103
Amounts due to subsidiaries (non-trade)		**–**	–	**220**	–
Amount due to an associate (non-trade)		**2**	–	**2**	–
Amounts due to director-related companies (trade)		**658**	3,195	**–**	–
Amounts due to director-related companies (non-trade)		**8**	4,557	**–**	36
Amounts due to shareholders		**89**	–	**–**	–
Loans from subsidiaries		**–**	–	**–**	260
Loans from director-related companies		**–**	–	**–**	2,703
Loans from shareholders		**5,802**	853	**–**	–
Total trade and other payables		**10,873**	18,546	**305**	3,102
Add:					
Accrued operating expenses	21	**1,257**	1,308	**621**	802
Interest-bearing secured borrowings	22	**74,985**	90,753	**–**	905
Less:					
Loan from an unrelated party	22	**(1,519)**	(2,029)	**–**	–
Total financial liabilities carried at amortised cost		**85,596**	108,578	**926**	4,809

There are no trade and other payables denominated in foreign currencies as at 31 December 2013 and 2012.

Trade and other payables are unsecured and non-interest bearing. Trade payables are repayable on demand while other payables are generally on 30 days' terms.

Related party balances

Amounts due to subsidiaries, an associate, director-related companies, directors and shareholders are unsecured, interest-free, repayable on demand and are to be settled in cash.

Loans from subsidiaries, director-related companies and shareholders are unsecured, bear interest at 3.00% to 5.00% (2012: 5.00%) per annum, and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

21. Other liabilities

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Accrued operating expenses	**1,257**	1,308	**621**	802
Advances from customers	**254**	232	**–**	–
Deferred revenue from customer loyalty award	**7**	6	**–**	–
	1,518	1,546	**621**	802

Deferred revenue from customer loyalty award represents consideration received from the sale of goods that is allocated to the points issued under the customer loyalty programme that are expected to be redeemed but are still outstanding as at the end of the reporting period. The movement in deferred revenue is as follows:

	Group	
	2013	2012
	$'000	$'000
At 1 January	**6**	3
Additions during the year	**15**	4
Recognised in profit or loss	**(14)**	(1)
At 31 December	**7**	6

22. Interest-bearing loans and borrowings

	Note	Group		Company	
		2013	2012	2013	2012
		$'000	$'000	$'000	$'000
Current					
Obligations under finance leases	26(c)	**2**	4	**–**	–
Loan from an unrelated party		**1,519**	2,029	**–**	–
Bank overdrafts		**1,006**	11,518	**–**	905
Bank loans		**72,458**	77,200	**–**	–
		74,985	90,751	**–**	905
Non-current					
Obligations under finance leases	26(c)	**–**	2	**–**	–
		74,985	90,753	**–**	905
Add:					
Loans from subsidiaries	20	**–**	–	**–**	260
Loans from director-related companies	20	**–**	–	**–**	2,703
Loans from shareholders	20	**5,802**	853	**–**	–
Total loans and borrowings		**80,787**	91,606	**–**	3,868

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

22. Interest-bearing loans and borrowings (cont'd)

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 13). The average discount rate implicit in the leases is 2.96% (2012: 2.96%) per annum.

Loan from an unrelated party

This loan is unsecured, repayable on demand and is a financial liability carried at fair value through profit or loss. The fair value of the loan is determined directly by reference to the bid price quotation of gold at the end of the reporting period.

Bank overdrafts

Bank overdrafts are repayable on demand and secured by a fixed and floating charge on all assets of certain subsidiaries and personal guarantees by certain directors of the Company and its subsidiaries.

Bank loans

These revolving bank loans are repayable on demand and secured by a fixed and floating charge on all assets of certain subsidiaries and personal guarantees by certain directors of the Company and its subsidiaries.

Effective interest rate

Weighted average effective interest rates per annum of total borrowings at the end of the reporting period are as follows:

		Group		Company	
	Note	2013	2012	2013	2012
Bank overdrafts		**2.30% to 5.75%**	2.31% to 5.75%	**5.00%**	5.00%
Bank loans		**1.525% to 3.050%**	1.445% to 3.175%	**–**	–
Loan from an unrelated party		**2.50%**	2.50%	**–**	–
Loans from subsidiaries	20	**–**	–	**5.00%**	5.00%
Loans from director-related companies	20	**–**	5.00%	**–**	5.00%
Loans from shareholders	20	**3.00% to 5.00%**	5.00%	**–**	5.00%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

23. Provisions

	Group 2013 $'000	Group 2012 $'000
Provision for restoration costs:		
At 1 January	**29**	–
– Arose during the financial year	**195**	29
At 31 December	**224**	29

The provision for restoration costs is the estimated costs to dismantle, remove or restore plant and equipment arising from the return of the leases of rented operating premises to the landlords pursuant to lease agreements.

24. Share capital

	Group and Company 2013 No. of shares '000	2013 $'000	2012 No. of shares '000	2012 $'000
Issued and fully paid ordinary shares:				
At 1 January	**5,742**	5,742	**5,742**	5,742
Issuance of shares pursuant to the Restructuring Exercise[(1)]	**343**	4,418	**–**	–
	6,085	10,160	**5,742**	5,742
After sub-division[(2)]	**395,498**	10,160	**–**	–
Issuance of shares pursuant to the initial public offering[(3)]	**138,000**	70,380	**–**	–
Shares issuance expense[(4)]	**–**	(2,227)	**–**	–
At 31 December	**533,498**	78,313	**5,742**	5,742

(1) Pursuant to the Restructuring Exercise as detailed in Note 1.2, 343,000 shares at $12.90 per share were issued as consideration for the acquisition of equity interests in subsidiaries and associated companies.

(2) Pursuant to the Extraordinary General Meeting held on 11 October 2013, the shareholders of the Company approved the sub-division of every one share of the Company into 65 shares.

(3) The Company issued 138,000,000 shares at $0.51 per share as part of its listing on the Main Board of the SGX-ST on 30 October 2013.

(4) Total listing expenses incurred pursuant to the Company's listing on the Main Board of the SGX-ST amounted to $3,624,000, of which share issuance expense of $2,227,000 has been capitalised against share capital, while the remaining amount of $1,397,000 has been included in "Other operating expenses" in the consolidated statement of comprehensive income.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

25. Other reserves

	Note	Group 2013 $'000	Group 2012 $'000
Capital reserve	(a)	**1,984**	1,843
Merger reserve	(b)	**(7,599)**	–
Foreign currency translation reserve	(c)	**(142)**	–
At 31 December		**(5,757)**	1,843

(a) Capital reserve

The capital reserve arose mainly from the issuance of bonus shares by subsidiaries.

(b) Merger reserve

This represents the difference between the consideration paid and the net asset value of the subsidiaries when entities under common control are accounted for by applying the pooling of interest method, as described in Note 2.4 of the financial statements.

(c) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

26. Commitments

(a) Operating lease commitments – as lessee

The Group has entered into commercial leases in respect of office and retail outlet premises. There is no contingent rent provision included in the contracts. Certain of the leases contain an escalation clause. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2013 amounted to $2,809,000 (2012: $2,076,000).

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group 2013 $'000	Group 2012 $'000
Not later than one year	**2,723**	2,171
Later than one year but not later than five years	**3,579**	2,380
Later than five years	**–**	75
	6,302	4,626

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

26. Commitments (cont'd)

(b) Operating lease commitments – as lessor

The Group has entered into commercial lease agreements on its office and retail outlet premises. The lease agreements do not contain escalation clauses. Certain of the lease agreements provides for contingent rentals based on a percentage of sales derived. The minimum contingent rental receivable under the lease agreements amounted to $20,000 per month.

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2013 **$'000**	**2012** **$'000**
Not later than one year	**306**	437
Later than one year but not later than five years	**246**	305
	552	742

(c) Finance lease commitments

The Group has finance leases for certain items of machinery, tools, office equipment and computers included in property, plant and equipment (Note 13).

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group			
	Minimum lease payments 2013 $'000	**Present value of payments 2013 $'000**	**Minimum lease payments 2012 $'000**	**Present value of payments 2012 $'000**
Not later than one year	**2**	**2**	4	4
Later than one year but not later than five years	**–**	**–**	2	2
Total minimum lease payments	**2**	**2**	6	6
Less: Amounts representing finance charges	**–***	**–**	–*	–
Present value of minimum lease payments	**2**	**2**	6	6

* Less than $1,000

27. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety at the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets and liabilities measured at fair value

	Note	Fair value measurements at the end of the reporting period using Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Group					
2013					
Recurring fair value measurements					
Assets					
Non-financial assets					
– Commodity inventories at fair value	17	**5,198**	–	–	**5,198**
Non-financial assets as at 31 December 2013		**5,198**	–	–	**5,198**
Liabilities					
Non-financial liabilities					
– Loan from an unrelated party	22	**(1,519)**	–	–	**(1,519)**
Non-financial liabilities as at 31 December 2013		**(1,519)**	–	–	**(1,519)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

27. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value (cont'd)

Determination of fair value

Commodity inventories at fair value and Loan from an unrelated party

The fair values as disclosed in the table above are determined directly by reference to the bid price quotation of gold at the end of the reporting period.

(c) Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Group's assets and liabilities not measured at fair value at 31 December 2013 but for which fair value is disclosed:

	Quoted prices in active markets for identical assets (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000	Carrying amount $'000
Group					
2013					
Non-current liability					
– Obligations under finance leases	–	–	2	2	2

Determination of fair value

Obligations under finance lease

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rates for similar types of leasing arrangements at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

27. Fair value of assets and liabilities (cont'd)

(d) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value are as follows:

		Group				Company			
	Note	2013 $'000 Carrying amount	2013 $'000 Fair value	2012 $'000 Carrying amount	2012 $'000 Fair value	2013 $'000 Carrying amount	2013 $'000 Fair value	2012 $'000 Carrying amount	2012 $'000 Fair value
Financial assets:									
– Unquoted shares, at cost	16	**701**	*	399	*	**701**	*	399	*
Financial liabilities:									
– Obligations under finance leases	22	**2**	**2**	6	6	**–**	**–**	–	–

* <u>Investment in equity securities carried at cost</u>

Fair value information has not been disclosed for the Group's and the Company's investments in equity securities that are carried at cost because fair value cannot be measured reliably. These equity securities represent ordinary shares in a pawnshop and retailer of pre-owned jewellery and gold that are not quoted on any market and do not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose of this investment in the foreseeable future. The Group intends to eventually dispose of this investment through sale to other investors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

28. Segmental information

Business segments

The segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services rendered. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group is organised into two main operating business segments, namely:

(a) Pawnbroking; and

(b) Retail and trading of pre-owned jewellery and gold.

Other operations include investment holding and provision of other support services.

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income tax payable, deferred tax liabilities and deferred tax assets.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Non-cash items are not material to the financial statements and have not been separately presented.

Geographical information

As the Group's business activities are mainly conducted in Singapore, with its non-current assets mainly located in Singapore, information about geographical areas is not relevant to the Group.

Information about major customers

Revenue from five major customers amounted to $223,578,000 (2012: $430,336,000), arising from the retail and trading of pre-owned jewellery and gold segment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

28. Segmental information (cont'd)

	Pawnbroking $'000	Retail and trading of pre-owned jewellery and gold $'000	Others $'000	Elimination $'000	Note	Group $'000
2013						
Revenue from external customers	**20,472**	**332,676**	**–**	**–**		**353,148**
Inter-segment revenue	**15,097**	**–**	**–**	**(15,097)**	**A**	**–**
Results:						
Interest income	**–**	**–**	**1,053**	**(804)**	**A**	**249**
Share of results of associates	**–**	**–**	**1,909**	**–**		**1,909**
Segment profit	**7,423**	**442**	**(147)**	**2,705**	**B**	**10,423**
Assets:						
Investment in associates	**–**	**–**	**7,442**	**–**		**7,442**
Segment assets	**151,658**	**53,622**	**129,277**	**(94,498)**	**C**	**240,059**
Segment liabilities	**104,558**	**47,715**	**5,889**	**(68,826)**	**D**	**89,336**
2012						
Revenue from external customers	22,273	486,711	–	–		508,984
Inter-segment revenue	10,839	–	–	(10,839)	A	–
Results:						
Interest income	–	–	2,010	(1,835)	A	175
Share of results of associates	–	–	797	–		797
Segment profit	11,502	3,408	1,924	59	B	16,893
Assets:						
Investment in associates	–	–	3,511	–		3,511
Segment assets	136,885	51,219	46,887	(46,457)	C	188,534
Segment liabilities	90,336	38,127	6,530	(20,518)	D	114,475

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

28. Segmental information (cont'd)

Notes

A Inter-segment revenues and income are eliminated on consolidation.

B The following items are added to/(deducted from) segment profit to arrive at "profit before tax" presented in the consolidated statement of comprehensive income:

	Group	
	2013	**2012**
	$'000	**$'000**
Share of results of associates	**1,909**	797
Excess of fair value over consideration of interest acquired in a subsidiary	**405**	–
Gain on remeasurement of investment in associate to fair value upon business combination achieved in stages	**685**	–
Profit from inter-segment sales	**(294)**	(738)
	2,705	59

C The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Group	
	2013	**2012**
	$'000	**$'000**
Inter-segment assets	**94,498**	46,457

D The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Group	
	2013	**2012**
	$'000	**$'000**
Deferred tax liabilities	**385**	49
Income tax payable	**1,351**	3,552
Inter-segment liabilities	**(70,562)**	(24,119)
	(68,826)	(20,518)

NOTES TO THE FINANCIAL STATEMENTS

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29. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political and other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risk are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels. The Group does not apply hedge accounting.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

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FINANCIAL STATEMENTS
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29. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Credit risk concentration profile

At the end of the reporting period, the Group has no significant concentration of credit risk.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and bank balances that are neither past due nor impaired are placed with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 18 (Trade and other receivables).

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effect of fluctuations in cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

29. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	1 year or less $'000	1 to 5 years $'000	Total $'000
Group			
2013			
Financial assets:			
Trade and other receivables	**136,211**	**–**	**136,211**
Cash and bank balances	**46,520**	**–**	**46,520**
Total undiscounted financial assets	**182,731**	**–**	**182,731**
Financial liabilities:			
Trade and other payables	**10,873**	**–**	**10,873**
Accrued operating expenses	**1,257**	**–**	**1,257**
Interest-bearing loans and borrowings	**74,985**	**–**	**74,985**
Total undiscounted financial liabilities	**87,115**	**–**	**87,115**
Total net undiscounted financial assets	**95,616**	**–**	**95,616**
2012			
Financial assets:			
Trade and other receivables	145,784	–	145,784
Cash and bank balances	3,087	–	3,087
Total undiscounted financial assets	148,871	–	148,871
Financial liabilities:			
Trade and other payables	18,546	–	18,546
Accrued operating expenses	1,308	–	1,308
Interest-bearing loans and borrowings	90,751	2	90,753
Total undiscounted financial liabilities	110,605	2	110,607
Total net undiscounted financial assets/(liabilities)	38,266	(2)	38,264

NOTES TO THE
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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

29. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

	Company 1 year or less	
	2013	**2012**
	$'000	**$'000**
Financial assets:		
Trade and other receivables	**55,605**	18,470
Cash and bank balances	**37,817**	–
Total undiscounted financial asset	**93,422**	18,470
Financial liabilities:		
Trade and other payables	**305**	3,102
Accrued operating expenses	**621**	802
Interest-bearing loans and borrowings	**–**	905
Total undiscounted financial liabilities	**926**	4,809
Total net undiscounted financial assets	**92,496**	13,661

The table below shows the contractual expiry of the Group and the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called, which is within one year or less.

	1 year or less	
	2013	**2012**
	$'000	**$'000**
Group		
Financial guarantees	**6,740**	4,001
Company		
Financial guarantees	**41,333**	38,729

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The Group's and the Company's loans and borrowings at floating rates are contractually repriced at intervals of 6 months or less from the end of the reporting period.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 50 (2012: 50) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been $366,000 (2012: $428,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

30. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2013 and 31 December 2012.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest-bearing loans and borrowings, trade and other payables, other liabilities, less cash and bank balances. Capital refers to equity attributable to the owners of the Company.

		Group	
	Note	**2013**	**2012**
		$'000	**$'000**
Interest-bearing loans and borrowings	22	**74,985**	90,753
Trade and other payables	20	**10,873**	18,546
Other liabilities	21	**1,518**	1,546
Less: Cash and bank balances	19	**(46,520)**	(3,087)
Net debt		**40,856**	107,758
Equity attributable to owners of the Company		**146,580**	72,252
Capital and net debt		**187,436**	180,010
Gearing ratio		**22%**	60%

31. Dividends

	Group and Company	
	2013	**2012**
	$'000	**$'000**
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
– Final exempt (one-tier) dividend for 2013: 0.88 cents (2012: $nil) per share	**4,695**	–

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

32. Events occurring after the reporting period

The Group has received its pawnbroking licence for its 96 Serangoon Road outlet in January 2014. The Group has entered into three new leases in Singapore and has applied for the relevant licences to operate at these locations. The Group expects to commence operations at these locations in the second quarter of the financial year ending 31 December 2014. On 14 February 2014, the Group increased the share capital of one of its wholly-owned subsidiaries by $3,000,000 to meet the requirement set by the Registrar of Pawnbrokers for the application of three new licences.

In November 2013, the Group announced the incorporation of three new indirect associated companies to operate a pawnbroking business in Malaysia. On 18 February 2014, one of the newly incorporated associated companies increased its share capital by approximately MYR 4,000,000 (equivalent to approximately SGD 1,538,000) to meet the share capital requirement for the application of a pawnbroking licence in Malaysia. On 13 March 2014, each of the other two newly incorporated associated companies increased their share capital by approximately MYR 4,000,000 (equivalent to approximately SGD 1,538,000) to meet the share capital requirement for the application of a pawnbroking licence in Malaysia.

On 20 February 2014, the Company increased its investment in ValueMax Retail Pte. Ltd., a wholly-owned subsidiary of the Group, by way of a cash injection of $100,000.

33. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 25 March 2014.

STATISTICS OF SHAREHOLDINGS

Issued and Fully Paid-up Capital	:	S$78,312,982
No. of Shares Issued	:	533,497,960
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share
No. of Treasury Shares	:	NIL

Distribution of shareholdings

(As recorded in the Register of Members and Depository Register)

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 – 999	3	0.22	1,001	–
1,000 – 10,000	763	56.98	4,275,999	0.80
10,001 – 1,000,000	555	41.45	40,341,000	7.56
1,000,001 & above	18	1.35	488,879,960	91.64
Total	1,339	100.00	533,497,960	100.00

Twenty largest shareholders

(As recorded in the Register of Members and Depository Register)

	Name of Shareholders	No. of Shares	% of Shares
1	YEAH HOLDINGS PTE. LTD.	316,041,960	59.24
2	YEAH HIANG NAM @ YEO HIANG NAM	42,528,000	7.97
3	TAN HONG YEE	39,728,000	7.45
4	BANK OF SINGAPORE NOMINEES PTE LTD	17,000,000	3.19
5	UOB KAY HIAN PTE LTD	16,841,000	3.16
6	MAYBANK KIM ENG SECURITIES PTE LTD	16,062,000	3.01
7	HSBC (SINGAPORE) NOMINEES PTE LTD	14,796,000	2.77
8	CITIBANK NOMINEES SINGAPORE PTE LTD	5,632,000	1.06
9	ZANA ASIA FUND LIMITED	5,000,000	0.94
10	DBS NOMINEES PTE LTD	4,251,000	0.80
11	OCBC SECURITIES PRIVATE LTD	1,883,000	0.35
12	CIMB SECURITIES (SINGAPORE) PTE LTD	1,515,000	0.28
13	TEO CHONG HOCK	1,450,000	0.27
14	HONG LEONG FINANCE NOMINEES PTE LTD	1,331,000	0.25
15	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,260,000	0.24
16	JUSTIN LIM HWA TAT	1,201,000	0.23
17	CHEONG SOON KIAT	1,200,000	0.22
18	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,160,000	0.22
19	HAN JUNE CHIN	1,000,000	0.19
20	LAU SING @ LIEW SING HUN	1,000,000	0.19
	TOTAL:	490,879,960	92.03

STATISTICS OF SHAREHOLDINGS

Substantial Shareholders

	Direct Interest		Deemed Interest	
	No. of shares	% of shares	No. of shares	% of shares
Name of Shareholder				
YEAH HOLDINGS PTE. LTD. (1)	316,041,960	59.24	–	–
YEAH HIANG NAM @ YEO HIANG NAM (2)(3)	42,528,000	7.97	355,769,960	66.69
TAN HONG YEE (2)(3)	39,728,000	7.45	358,569,960	67.21

(1) Yeah Holdings Pte. Ltd. is a private limited company incorporated in Singapore on 12 November 2012. It is an investment holding company. The shareholders of Yeah Holdings Pte. Ltd. are Yeah Hiang Nam (35%), Tan Hong Yee (35%), Yeah Lee Ching (10%), Yeah Chia Wei (10%) and Yeah Chia Kai (10%).

(2) By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Yeah Hiang Nam and Tan Hong Yee are deemed to have an interest in the 316,041,960 shares held by Yeah Holdings Pte. Ltd..

(3) Yeah Hiang Nam and Tan Hong Yee are husband and wife and as such are deemed to have an interest in the shares held by each other.

Shareholdings held in the hands of the public

Based on the information available to the Company as at 21 March 2014 and to the best knowledge of the Directors, approximately 25.24 percent of the issued ordinary shares of the Company are held by the public and therefore Rule 723 of the Listing Manual issued by SGX-ST is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the Singapore Recreation Club, Lounge 1883, level 1B Connaught Drive, Singapore 179682 on 28 April 2014 at 10.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements of the Company for the financial year ended 31 December 2013 and Auditor's Report thereon. **(Resolution 1)**

2. To declare a first and final one-tier tax exempt dividend of 0.88 cents per share for the financial year ended 31 December 2013. **(Resolution 2)**

3. To approve the Directors' fees of $86,667/- for the financial year ended 31 December 2013 (31 December 2012: NIL). **(Resolution 3)**

4. To re-elect Ms Yeah Lee Ching who is retiring by rotation pursuant to Article 98 of the Company's Articles of Association, and wishes to seek re-election as a Director of the Company. **(Resolution 4)**

5. To re-elect the following directors retiring pursuant to Article 102 of the Company's Articles of Association, and wishes to seek re-election as Directors of the Company:–

   Mr Phua Tin How **(Resolution 5)**
   Mr Yeah Chia Kai **(Resolution 6)**
   Mr Lim Tong Lee **(Resolution 7)**
   Mr Lim Hwee Hai **(Resolution 8)**

   Messrs Phua Tin How, Lim Tong Lee and Lim Hwee Hai will, upon re-election as Directors of the Company, remain as members of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. Messrs Phua Tin How, Lim Tong Lee and Lim Hwee Hai will also remain members of the Nominating and Remuneration Committees.

7. To re-appoint Messrs Ernst & Young LLP as auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **(Resolution 9)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:

8. **Authority to allot and issue shares**

   (a) "That, pursuant to Section 161 of the Companies Act, Chapter 50, and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

      (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

NOTICE OF
ANNUAL GENERAL MEETING

(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

(b) (Notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided always that

the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares excluding treasury shares of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company, and for the purpose of this resolution, the issued share capital shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for:

a) new shares arising from the conversion or exercise of convertible securities,

b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited, and

c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."
(See Explanatory Note 1) **(Resolution 10)**

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company Secretary

10 April 2014

NOTICE OF
ANNUAL GENERAL MEETING

Notes:

(1) A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy in his stead.

(2) A proxy need not be a member of the Company.

(3) If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

(4) The instrument appointing a proxy must be deposited at the registered office of the Company at 213 Bedok North Street 1, #01-121, Singapore 460213 not later than 48 hours before the time appointed for the Meeting.

Explanatory Notes:

1. The ordinary resolution no. 10 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50 percent of total number of issued shares excluding treasury shares of the Company, of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20 percent of the total number of issued shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

VALUEMAX GROUP LIMITED

Registration Number: 200307530N
(Incorporated in the Republic of Singapore)

IMPORTANT

1. For investors who have used their CPF monies to buy ValueMax Group Limited shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

* I/We ________________________ (Name), *NRIC/Passport No. ________________________

of ____ (Address)

being *a member/members of ValueMax Group Limited (the "Company"), hereby appoint

Name	Address	NRIC/Passport No.	Proportion of shareholdings to be represented by proxy (%)

* and/or

Name	Address	NRIC/Passport No.	Proportion of shareholdings to be represented by proxy (%)

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at the Singapore Recreation Club, Lounge 1883, level 1B Connaught Drive, Singapore 179682 on 28 April 2014 at 10.00 a.m. and at any adjournment thereof.

* I/we direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Ordinary Resolutions	For	Against
1.	To receive and adopt the Directors' Report and Audited Financial Statements of the Company for the financial year ended 31 December 2013 and Auditor's Report thereon.		
2.	To declare a first and final one-tier tax exempt dividend of 0.88 cents per share for the financial year ended 31 December 2013.		
3.	To approve the Directors' fees of $86,667/- for the financial year ended 31 December 2013.		
4.	To re-elect Ms Yeah Lee Ching as a Director pursuant to Article 98 of the Company's Articles of Association.		
5.	To re-elect Mr Phua Tin How as a Director pursuant to Article 102 of the Company's Articles of Association.		
6.	To re-elect Mr Yeah Chia Kai as a Director pursuant to Article 102 of the Company's Articles of Association.		
7.	To re-elect Mr Lim Tong Lee as a Director pursuant to Article 102 of the Company's Articles of Association.		
8.	To re-elect Mr Lim Hwee Hai as a Director pursuant to Article 102 of the Company's Articles of Association.		
9.	To re-appoint Messrs Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration.		
10.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		

Dated this ____________ day of ______________ 2014

Total Number of Shares Held

____

Signature(s) of Member(s)/Common Seal

** Delete accordingly*

IMPORTANT. Please read notes overleaf

Notes:–

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.

2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.

5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 213 Bedok North Street 1, #01-121, Singapore 460213 not later than 48 hours before the time set for the Annual General Meeting.

AFFIX
STAMP

The Company Secretary

VALUEMAX GROUP LIMITED

213 Bedok North Street 1, # 01-121

Singapore 460213

6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the Annual General Meeting.

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ValueMax 方圓
GROUP

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