



ValueMax Group Limited

(Incorporated in the Republic of Singapore on 7 August 2003)
(Company Registration Number: 200307530N)

UNAUDITED FIRST QUARTER AND THREE-MONTH FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

PART 1 – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group		
	1Q 2014 \$'000	1Q 2013 \$'000	Change %
Revenue	91,399	90,427	1.1
Cost of sales	(85,035)	(84,060)	1.2
Gross profit	6,364	6,367	(0.0)
Other item of income			
Other operating income	394	578	(31.8)
Other items of expense			
Marketing and distribution expenses	(96)	(52)	84.6
Administrative expenses	(3,401)	(2,501)	36.0
Finance costs	(67)	(30)	123.3
Other operating expenses	(553)	(746)	(25.9)
Share of results of associates	565	182	210.4
Profit before tax	3,206	3,798	(15.6)
Income tax expense	(217)	(227)	(4.4)
Profit for the period, representing total comprehensive income for the period	2,989	3,571	(16.3)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	4	–	n.m.
Total comprehensive income for the period	2,993	3,571	(16.2)
Profit for the period attributable to:			
Owners of the Company	2,885	3,467	(16.8)
Non-controlling interests	104	104	–
	2,989	3,571	(16.3)
Total comprehensive income for the period attributable to:			
Owners of the Company	2,889	3,467	(16.7)
Non-controlling interests	104	104	–
	2,993	3,571	(16.2)

n.m.: Not meaningful

1(a)(ii) Notes to consolidated statements of profit or loss and other comprehensive income

The Group's profit before tax was arrived at after charging/(crediting) the following:

	Group		
	1Q 2014	1Q 2013	Change
	\$'000	\$'000	%
Depreciation of property, plant and equipment	155	88	76.1
Inventories recognised as an expense in cost of sales	84,745	83,663	1.3
Operating lease expense	801	659	21.5
Interest expense on loans and borrowings	358	427	(16.2)
Allowance for doubtful trade receivables	553	746	(25.9)
Rental income from leasehold property	(106)	(99)	7.1
Interest income on loans and receivables	(66)	(104)	(36.5)
Net fair value loss/(gain) on loan from an unrelated party	104	(41)	n.m.
(Increase)/decrease in fair value of inventories less point-of-sale costs	(326)	94	n.m.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31.03.2014 \$'000	31.12.2013 \$'000	31.03.2014 \$'000	31.12.2013 \$'000
<u>Non-current assets</u>				
Property, plant and equipment	4,961	4,967	35	40
Investment in subsidiaries	–	–	30,904	27,804
Investment in associates	8,011	7,442	1,874	1,874
Other investments	701	701	701	701
	13,673	13,110	33,514	30,419
<u>Current assets</u>				
Inventories	44,820	43,300	–	–
Trade and other receivables	134,019	136,211	53,622	55,605
Prepaid operating expenses	598	918	86	77
Income tax receivable	–	–	–	9
Cash and bank balances	44,990	46,520	36,603	37,817
	224,427	226,949	90,311	93,508
Total assets	238,100	240,059	123,825	123,927
<u>Current liabilities</u>				
Trade and other payables	9,064	10,873	478	305
Other liabilities	828	1,518	114	621
Interest-bearing loans and borrowings	71,927	74,985	–	–
Income tax payable	1,960	1,351	29	–
	83,779	88,727	621	926
Net current assets	140,648	138,222	89,690	92,582
<u>Non-current liabilities</u>				
Provisions	224	224	–	–
Deferred tax liabilities	381	385	7	7
	605	609	7	7
Total liabilities	84,384	89,336	628	933
Net assets	153,716	150,723	123,197	122,994
<u>Equity attributable to owners of the Company</u>				
Share capital	78,313	78,313	78,313	78,313
Retained earnings	76,909	74,024	44,884	44,681
Other reserves	(5,753)	(5,757)	–	–
	149,469	146,580	123,197	122,994
Non-controlling interests	4,247	4,143	–	–
Total equity	153,716	150,723	123,197	122,994

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

Amount repayable in one year or less, or on demand

	As at 31 March 14		As at 31 December 13	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Included in trade and other payables	-	4,180	-	5,802
Included in interest-bearing loans and borrowings	70,305	1,622	73,466	1,519
Total	70,305	5,802	73,466	7,321

Amount repayable by the Group after one year

	As at 31 March 14 Unaudited		As at 31 December 13 Audited	
	Secured	Secured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Included in interest-bearing loans and borrowings	-	-	-	-

Details of collateral:

- A fixed and floating charge on all assets of certain subsidiaries, legal mortgages over two properties and personal guarantees by certain directors of the Company and its subsidiaries.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENTS OF CASH FLOWS	1Q2014 \$'000	1Q2013 \$'000
Operating activities		
Profit before tax	3,206	3,798
Adjustments for:		
Depreciation of property, plant and equipment	155	88
Allowance for doubtful trade receivables	553	746
Interest income	(66)	(104)
Finance costs	358	427
(Increase)/decrease in fair value of inventories less point-of-sale costs	(326)	94
Net fair value loss on financial liability at fair value through profit or loss	104	(41)
Share of results of associates	(565)	(182)
Unrealised exchange gain	–	(49)
Operating cash flows before changes in working capital	3,419	4,777
<u>Changes in working capital</u>		
(Increase)/decrease in inventories	(1,194)	3,439
Decrease in trade and other receivables	1,639	17,146
Decrease in prepaid operating expenses	320	256
Decrease in trade and other payables	(1,809)	(12,982)
Decrease in other liabilities	(690)	(1,141)
Cash flows from operations	1,685	11,495
Interest received	66	104
Finance costs paid	(358)	(427)
Income taxes refunded/(paid)	387	(364)
Net cash flows from operating activities	1,780	10,808
Investing activities		
Purchase of property, plant and equipment	(149)	(29)
Net cash flows used in investing activities	(149)	(29)
Financing activities		
Repayment of short-term bank borrowings	(3,000)	(1,670)
Repayment of obligations under finance leases	(1)	(1)
Dividends paid to non-controlling interests	–	(5)
Net cash flows used in financing activities	(3,001)	(1,676)
Net (decrease)/increase in cash and cash equivalents	(1,370)	9,103
Cash and cash equivalents at beginning of period	45,514	(8,431)
Cash and cash equivalents at end of period	44,144	672

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

STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Capital reserve	Merger reserve	Foreign currency translation reserve	Retained earnings	Total		
Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2014	78,313	1,984	(7,599)	(142)	74,024	146,580	4,143	150,723
Profit for the period	–	–	–	–	2,885	2,885	104	2,989
Foreign currency translation	–	–	–	4	–	4	–	4
Total comprehensive income for the period	–	–	–	4	2,885	2,889	104	2,993
At 31 March 2014	78,313	1,984	(7,599)	(138)	76,909	149,469	4,247	153,716
At 1 January 2013	5,742	1,843	–	64,667	–	72,252	1,807	74,059
Profit for the period, representing total comprehensive income for the period	–	–	–	3,467	–	3,467	104	3,571
<u>Contributions by and distributions to owners</u>								
Dividends paid to non-controlling interests	–	–	–	–	–	–	(5)	(5)
Adjustment pursuant to the Restructuring Exercise	–	–	(7,599)	–	–	(7,599)	–	(7,599)
Total contributions by and distributions in their capacity as owners	–	–	(7,599)	–	–	(7,599)	(5)	(7,604)
At 31 March 2013	5,742	1,843	(7,599)	68,134	–	68,120	1,906	70,026

Company	Attributable to owners of the Company		
	Share capital \$'000	Retained earnings \$'000	Total equity \$'000
At 1 January 2014	78,313	44,681	122,994
Profit for the period, representing total comprehensive income for the period	–	203	203
At 31 March 2014	78,313	44,884	123,197
At 1 January 2013	5,742	36,209	41,951
Profit for the period, representing total comprehensive income for the period	–	4,271	4,271
At 31 March 2013	5,742	40,480	46,222

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercises of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of issued shares excluding treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes in the Company's share capital since the end of the previous period reported on.

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

	31.03.2014	31.03.2013
Total number of issued shares (excluding treasury shares)	533,497,960	5,742,085

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

Not applicable.

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

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period ended as those of the audited financial statements for the financial year ended 31 December 2013, as well as applicable new and revised Financial Reporting Standards ("FRSs") which became effective for financial years beginning on or after 1 January 2014. The adoption of these new and revised FRSs has no material effect on the financial statements for the current financial period.

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

Please refer to item 4 above.

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

(a) Based on the weighted average number of ordinary shares on issue; and

(b) On a fully diluted basis (detailing any adjustments made to the earnings).

	Group	
	1Q2014	1Q2013
	Cents	Cents
i) Basic earnings per share	0.54	0.93
ii) Diluted earnings per share	0.54	0.93
- Weighted average number of shares ('000)	533,498	373,236 ⁽¹⁾

⁽¹⁾ The weighted average number of shares was computed on the basis that the sub-division of each share in the existing issued share capital of the Company into 65 shares has occurred as at 1 January 2013. The number of shares does not include shares issued in consideration of the acquisition of interests in the Restructuring Exercise which was completed in August 2013.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:—

(a) current financial period reported on; and

(b) immediately preceding financial year.

	Group		Company	
	31.03.2014	31.12.2013	31.03.2014	31.12.2013
Net asset value per ordinary share (cents)	28.02	27.48	23.09	23.05
Number of ordinary shares in issue ('000)	533,498	533,498	533,498	533,498

The number of ordinary shares was based on the number of outstanding shares as at 31 March 2014 and 31 December 2013 respectively.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:—**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of the Group's Performance

1Q2014 vs 1Q2013

Revenue

The Group's revenue increased from \$90.4 million in 1Q2013 to \$91.4 million in 1Q2014. Revenue from the pawnbroking business contributed \$0.2 million to the increase while the retail and trading of pre-owned jewellery and gold business accounted for \$0.8 million increase.

Cost of sales

The Group's cost of sales increased from \$84.1 million in 1Q2013 to \$85.0 million in 1Q2014. Interest cost declined by \$0.1 million while cost of goods sold for the retail and trading of pre-owned jewellery and gold business increased by \$1.0 million.

Gross profit

Overall gross profit and gross profit margin remained stable in 1Q2014 compared with the same period in 2013.

Other operating income

Other operating income was \$0.4 million in 1Q2014 compared with \$0.6 million in 1Q2013. The lower other operating income in 1Q2014 was mainly due to the one-off assignment fee of \$0.3 million in 1Q2013. This was partially offset by the \$0.1 million in government grants received in 1Q2014.

Administrative expenses

Administrative expenses comprise mainly employee benefits expense, rental expenses, depreciation expenses, legal and professional fees and insurance premiums. The increase in administrative expenses from \$2.5 million in 1Q2013 to \$3.4 million in 1Q2014 was mainly due to the increase in employee benefits expense of \$0.5 million, rental expenses of \$0.1 million and depreciation expense of \$0.1 million. The increase in employee benefits expense was due to the increase in headcount and salary adjustments. Rental expenses increased mainly due to the inclusion of the Woodlands MRT and 96 Serangoon Road outlets which commenced operations in July and October 2013 respectively and the commencement of three leases in 1Q2014 for outlets under renovations, as well as revision in rental rates upon renewal of leases.

Other operating expense

Other operating expense comprises allowance for doubtful trade receivables of \$0.6 million in 1Q2014 and \$0.7 million in 1Q2013.

Share of results of associates

The Group's share of results of associates increased from \$0.2 million in 1Q2013 to \$0.6 million in 1Q2014 mainly as a result of the inclusion of the results of the Malaysian associated companies which came into the Group in August 2013.

Profit before tax

As a result of the above, profit before tax decreased by \$0.6 million to \$3.2 million in 1Q2014.

Income tax expense

Income tax expense in 1Q2014 remained stable compared with 1Q2013.

Review of the Group's Financial Position

Non-current assets increased by \$0.6 million from \$13.1 million as at 31 December 2013 to \$13.7 million as at 31 March 2014 due to the share of results of associates for 1Q2014.

Current assets decreased by \$2.5 million from \$226.9 million as at 31 December 2013 to \$224.4 million as at 31 March 2014. This was mainly due to decreases in trade and other receivables of \$2.2 million, prepaid operating expenses of \$0.3 million and cash and cash equivalents of \$1.5 million. This was partially offset by the increase in inventories of \$1.5 million. The decrease in prepaid operating expenses was a result of the utilisation of prepayments in 1Q2014.

Current liabilities decreased by \$4.9 million from \$88.7 million as at 31 December 2013 to \$83.8 million as at 31 March 2014 as a result of decreases in interest-bearing loans and borrowings of \$3.0 million, trade and other payables of \$1.8 million and other liabilities of \$0.7 million. This was partially offset by an increase in income tax payable of \$0.6 million.

Equity comprises share capital, retained earnings, capital reserve, merger reserve and non-controlling interests. Equity attributable to owners of the Company increased from \$146.6 million as at 31 December 2013 to \$149.5 million as at 31 March 2014 mainly due to the increase in retained earnings.

Review of the Group's Cash Flows

In 1Q2014, the net cash generated from operating activities was \$1.8 million. This comprises operating cash flows before working capital adjustments of \$3.4 million, adjusted by net working capital outflow of \$1.7 million. In 1Q2014, the Group received interest income of \$0.1 million and income tax refunds of \$0.4 million, and paid interest expense of \$0.4 million respectively. The net working capital outflow was a result of the increase in inventories of \$1.2 million and the decreases in trade and other payables of \$1.8 million and other liabilities of \$0.7 million. These were partially offset by the decreases in trade and other receivables of \$1.6 million and prepaid operating expenses of \$0.3 million.

In 1Q2014, the net cash used in investing activities amounted to \$0.1 million comprising the purchase of property, plant and equipment.

The net cash used in financing activities in 1Q2014 amounted to \$3.0 million which was used in the repayment of short-term bank borrowings and finance lease obligations.

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

Not applicable.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

There was a moderate recovery in gold price from the low of under USD1,200 per ounce in December 2013 to around USD1,300 per ounce at the end of March 2014. Although this is still below the range of between USD1,570 and USD1,690 per ounce in 1Q2013, the recovery in gold price, though moderate, has had a positive impact on our retail and trading of pre-owned jewellery and gold business.

The Group is on track with its expansion of outlets both in Singapore and Malaysia. Currently, the Group has three outlets under renovation in Singapore which are expected to commence operations within the next 3 months. In Malaysia, our associated company is expected to open a new outlet at Taman Universiti, Johor soon. In addition, two more outlets are expected to commence operations within this year.

In addition to the above, the Group will continue to grow through setting up new outlets and exploring opportunities for acquisitions.

11. **Dividend**

- i. **Current Financial Period Reported on**
Any dividend declared for the current period?
- No.
- ii. **Corresponding Period of the Immediately Preceding Financial Year**
Any dividend declared for the corresponding period of the immediately preceding financial year?
- No.

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

No dividend has been declared for the three-month period ended 31 March 2014.

13. **The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii). However, the following interested person transactions were included in the Prospectus, and as such, the transactions are deemed to be under a general mandate pursuant to Rule 920(2) until the next annual general meeting.**

Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		
	YTD-31 Mar 14	YTD-31 Mar 13
	\$'000	\$'000
Sales of goods to director-related companies		
- Golden Goldsmith	—	127
- Hwa Goldsmith and Jewellers	431	272
- Lucky Jewellery	112	—
Purchase of goods from a director-related company		
- Golden Goldsmith	—	356

The Group has not obtained a general mandate from shareholders for interested person transactions.

14. Use of proceeds

In accordance with the section entitled “Use of Proceeds and Listing Expenses” and as at the date of this announcement, the Company wishes to announce that the net proceeds of approximately \$66.7 million have been utilised as follows:

Use of Proceeds	Amount allocated (as stated in the Prospectus) (\$'million)	Amount utilised as at the date of this announcement (\$'million)	Balance of net proceeds as at the date of this announcement (\$'million)
Expansion of our business ⁽¹⁾	40.0	5.2	34.8
Working capital purposes ⁽²⁾	26.7	26.7	-
	66.7	31.9	34.8

⁽¹⁾ 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 was used for the Group's share of investment in three Malaysian associated companies which were incorporated in November 2013.

⁽²⁾ Net proceeds allocated for working capital purposes have been used to reduce the utilisation of bank overdrafts and revolving credit facilities.

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

15. Negative confirmation pursuant to Rule 705(5)

The board of Directors of the Company (the “Board”) confirms that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial statements for the period ended 31 March 2014 to be false or misleading in any material respects.

For and on behalf of the Board

Yeah Hiang Nam
Managing Director

Yeah Lee Ching
Executive Director