ValueMax 方圓
GROUP

Creating **Value** Building **Wealth**

2014 ANNUAL REPORT

CONTENTS

CORPORATE PROFILE

ValueMax Group Limited ("**ValueMax**" or the "**Group**") provides pawnbroking and secured moneylending services, as well as the retail and trading of pre-owned jewellery and gold. With the Group's first pawnbroking outlet established in 1988, ValueMax is one of the most established and trusted pawnbroking chains and gold traders in Singapore. Drawing on strong track record and in-depth industry knowledge, ValueMax has expanded to 23 outlets in Singapore at strategic locations island-wide and has three other pawnshops operated by associated and investee companies. In Malaysia, ValueMax also operates six outlets through its associated companies.

An award-winning company, ValueMax and its subsidiaries have received various awards and certification which include (i) 15th SIAS Investors' Choice Award – Most Transparent Company Award 2014, runner up position for New Issues (ii) 2014 Singapore SME 1000 Awards in Net Profit Excellence (iii) 2014 Singapore SME 1000 Awards in Sales Growth Excellence (iv) Prestige Brand Award – Established Brands 2010; (v) Enterprise 50 Award 2010; and (vi) Entrepreneur of the Year Award 2010 by its Managing Director and CEO Mr Yeah Hiang Nam. ValueMax was also the first pawnbroker to be accredited with CaseTrust certification in 2004.

VISION

To be the most trusted pawnbroking, gold trading and moneylending corporation, lending strength to communities.

MISSION

To provide excellent value to our customers through professionalism, reliability and fair pricing.

CORPORATE VALUES

C – Competence; providing professional services

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

AWARDS & ACHIEVEMENTS

LETTER TO SHAREHOLDERS

Many people have urgent cash needs. At ValueMax, our goal is to meet those needs, providing financial solutions with speed through our pawnbroking or moneylending business. ValueMax's complementary businesses in pawnbroking, gold trading and jewellery retailing allow us to optimise capital allocation and offer a wide selection of jewellery to our customers.

Yeah Hiang Nam
Managing Director & CEO

Phua Tin How
Non-Executive Chairman

Dear Shareholders,

2014 was a challenging year for both the pawnbroking and gold trading industries as gold prices continued to remain under pressure. Nevertheless, the Group forged ahead against headwinds in the demanding operating environment and capitalised on opportunities to expand and develop our business along the way.

Business Development in FY2014

During the year, ValueMax adopted the strategies of deepening and broadening our business scope to create value and wealth for our respective stakeholders. Building on our strong foundation, we duplicated our systems and standard operating procedures as we expanded our network in the local and overseas market in Malaysia.

As part of our expansion plans, we opened three new pawnbroking and retail outlets in Singapore and one in Malaysia. Additionally, we also acquired a pawnshop, Tai Eng Pawnbroker Pte. Ltd. ("Tai Eng") in Singapore. Tai Eng reported an improved turnover ever since we took over. This served as testament to our ability in managing the pawnbroking business, enabling us to be well-poised to act on any opportunities that may present themselves. Furthermore, we extended our acquisition efforts into the beginning of this year, when we successfully acquired another pawnshop, Kwong Hin Pawnshop Pte. Ltd.

Where our other business segments are concerned, we have acquired a moneylending business licence through VM Credit Pte. Ltd. ("VM Credit") as part of our efforts to broaden our revenue base and grow our lending business.

VM Credit is a company that grants term loans collateralised by mainly private residential or commercial properties in Singapore. The competitive advantages that the company possesses in terms of granting mortgage loans are its flexible repayment terms and fast processing time of less than two weeks. VM Credit serves a target market that includes businessmen and corporates with urgent cash needs for general working capital or investments.

We believe that there is a growing demand for pre-owned jewellery in the retail market. As such, our subsidiary ValueMax Retail Pte. Ltd., which sells pre-owned jewellery and operates within the premises of our pawnbroking outlets has expanded its business as we acquire or open new pawnbroking outlets.

Commitment to Customers and Society

In late FY2014, we were proudly awarded the runner-up position in the Most Transparent Company for New Issues category by SIAS. This serves as a strong testimony to our efforts in disclosure and adopting high transparency standards.

To ensure the accountability of our operations, we have also further strengthened our risk management policies, and implemented compliance and fraud-prevention enhancements to protect the interest of our customers, shareholders and the society at large.

Amendments to the Pawnbrokers Act

The new Pawnbrokers Act (the "Act") will take effect from 1 April 2015. One of the key features of the Act is the abolishment of the monthly public auction for unredeemed pledged articles from the pawnbroking business. This will help create greater manpower efficiency, saving administrative costs, security costs and auction fees.

Additionally, our pawnbroking business will also get to ride on the upside of gold price appreciation on unredeemed pledged articles as our gold trading business procures more gold supplied from our pawnbroking operations. Our retail business will also benefit from an increase in the range of pre-owned watches and jewellery merchandise for retail sales.

LETTER TO SHAREHOLDERS

Future Outlook

We will continue to seek expansion opportunities through opening new branches and acquisitions. These strategic approaches will eventually translate into profit for the Group over time, thereby enhancing our shareholders' value.

More emphasis will also be placed on the development and growth of our moneylending business by offering both secured and unsecured loans. As we aim to expand our jewellery retail business, our gold trading business is expected to remain stable. We remain focused on our strategic priorities to generate growth.

Dividend

For the financial year 2014, the Board has maintained a distribution of at least 50% of net distributable profit and proposed a one-tier tax exempt cash dividend of 0.88 cents per ordinary share.

Acknowledgements

On behalf of the Board, we would like to thank our management, fellow directors and staff for their dedication and commitment towards the Group. We would also like to thank our valued shareholders, bankers and business associates who have supported us throughout the year. We look forward to your continual support in the coming year as we endeavour to scale new heights in our business ventures.

Phua Tin How
Non-Executive Chairman

Yeah Hiang Nam
Managing Director and CEO

OPERATIONS REVIEW

Financial Review

FY2014 has been a challenging year for the industry as gold prices continue to fall and tumbled to as low as below US$1,200 per ounce in 4Q2014 before climbing up steadily to register a modest recovery at end FY2014. In addition, the Group faced increasing competition in the industry and rising operation costs.

During the year, the Group's revenue decreased by 8.1% to $324.5 million. This was mainly due to a reduction in revenue from the retail and trading of pre-owned jewellery and gold segment from $332.7 million in FY2013 to $304.3 million in FY2014, despite revenue from the pawnbroking segment remaining relatively stable.

Nevertheless, our gross profit gained by 10.2% to $25.0 million in the year as a result of reduced bank borrowings by the pawnbroking segment leading to a decline in interest expense, as well as better gross margin achieved by the retail and trading of pre-owned jewellery and gold segment. Gross margin improved from 6.4% in FY2013 to 7.7% in FY2014.

Administrative expenses increased to $15.1 million in FY2014 as compared to $12.3 million in the previous year. This was the result of a rise in employee benefits expense, rental expense, legal and professional fees, as well as depreciation charges. The increase in employee benefits expense was due to headcount increase and salary adjustments, while the increase in rental expense was attributed to new outlets with leases commencing in 2H2013 and 1H2014 respectively, as well as revision in rental rates upon renewal of leases.

Net profit declined to $9.4 million in FY2014 against $9.6 million in FY2013 as a result of higher operating costs.

Meanwhile, earnings per share stood at 1.69 cents as compared to 2.32 cents in FY2013. Net asset value per share as at 31 December 2014 was 28.26 cents.

OPERATIONS REVIEW

Balance Sheet and Cash Flow Highlights

In FY2014, non-current assets increased by $3.2 million from $13.1 million as at 31 December 2013 to $16.3 million as at 31 December 2014 mainly due to the increase in property, plant and equipment subsequent to the acquisition of Tai Eng Pawnbroker Pte. Ltd. ("Tai Eng") and the share of results of associates for FY2014.

Concurrently, current assets increased by $6.7 million to $233.6 million in FY2014 against $226.9 million in the previous year as a result of a $15.1 million increase in trade and other receivables and a $1.0 million increase in inventory. This was partially offset by the decrease in cash and cash equivalents of $9.4 million.

Meanwhile, current liabilities increased by $5.0 million to $93.7 million during the reporting year against $88.7 million in FY2013 due to the increases in interest-bearing loans and borrowings, as well as trade and other payables.

Equity attributable to owners of the Company rose from $146.6 million in the year before to $150.8 million in FY2014.

During the year, net cash used in operating activities was $4.6 million, which comprised operating cash flows before working capital adjustments of $12.4 million, adjusted by net working capital outflow of $15.0 million. The Group received interest income of $0.7 million and paid income tax and interest expense of $1.2 million and $1.5 million respectively.

On the same note, net cash used in investing activities amounted to $3.7 million consisting of net cash outflow on acquisition of subsidiaries of $4.3 million and the purchase of property, plant and equipment of $0.7 million. This was partially offset by dividend income of $1.3 million.

Net cash used in financing activities stood at $0.9 million, arising from the payment of dividends of $5.0 million and repayment of short-term bank borrowings and to finance lease obligations of $5.5 million. This was partially offset by the proceeds from short-term bank borrowings of $9.6 million.

Operations Review

With the completion of our acquisitions of Tai Eng and Kwong Hin Pawnshop Pte. Ltd. in July 2014 and January 2015 respectively, together with three new outlets which commenced operations in 2014, we now operate 23 outlets across Singapore.

The Group acquired VM Credit Pte. Ltd. ("VM Credit"), a company with a moneylending licence in September 2014. VM Credit has since entered into several loan contracts and we expect growing demand in the business.

Outlook

Going forward, we expect the business environment will remain challenging, in line with the expected rise in interest rates in FY2015. This is further compounded by the increasing competition in the pawnbroking industry and rising operation costs. Nevertheless, we will persist to seek opportunities to grow our business through acquisitions and setting up of new outlets both in the Singapore and overseas market to consolidate the Group's position in the industry.

GROUP BUSINESSES

Pawnbroking

The main business of the Group is pawnbroking service. Pawnbroking is a regulated and licensed form of collateralised micro-financing. Pawners will pledge articles as collaterals for the loans extended. Typical pledges include jewellery in yellow or white gold, diamond jewellery and branded time pieces. Gold, platinum or silver bars and coins are also pawned.

Moneylending

The Group's licensed moneylending business grants term loans secured by mortgages of private residential and commercial properties. The target market for the moneylending business includes businessmen and corporates that have urgent cash needs. In 2015, the Group will be expanding into the unsecured moneylending business targeted at individuals with high annual income and/or high net worth.

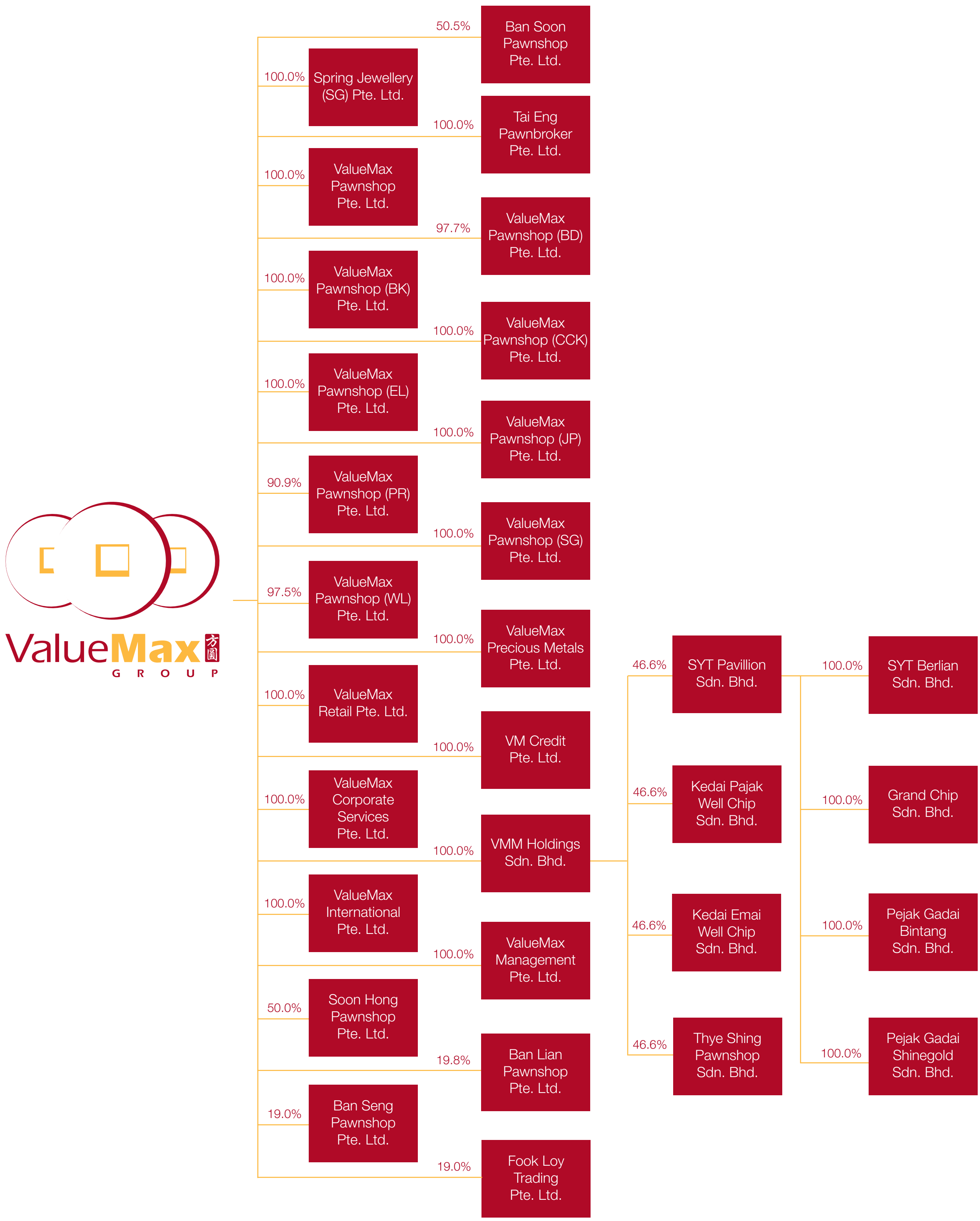
Retail of Pre-owned Jewellery and Watches

The retail arm of the Group reconditions selected pre-owned jewellery and watches for retail sale at the outlets. These items include unredeemed pledged articles from the pawnbroking business as well as jewellery and branded watches purchased from walk-in individuals at the outlets.

Gold Trading

The Group's gold trading wholesale business purchases scrap gold from other pawnbrokers and jewellery traders, while it sells fine gold bars to jewellery factories, wholesalers and retailers.

CORPORATE STRUCTURE



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)

Blk 218 Bedok North Street 1 #01-31
S(460218)

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)

PUNGGOL MRT
70 Punggol Central #01-03
Punggol MRT Station
S(828868)

YISHUN
292 Yishun Street 22 #01-275
S(760292)

CENTRAL

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

TOA PAYOH
184 Toa Payoh Central #01-360
S(310184)

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)

BUKIT GOMBAK
372 Bukit Batok Street 31 #01-368
S(650372)

MALAYSIA**

BATU PAHAT

LARKIN, JOHOR BAHRU

TAMAN PANDAN, JOHOR BAHRU

TAMAN DAYA, JOHOR BAHRU

TAMAN UNIVERSITI, JOHOR BAHRU

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

DIRECTORS' PROFILE

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 chairs the Remuneration Committee and is a member of our Audit Committee and Nominating Committee.

Phua Tin How held several senior appointments in the public service prior to 1994, the last being the Principal Private Secretary to the Deputy Prime Minister and later, Principal Private Secretary to the President of Singapore. From 1994 to 2003, Phua Tin How was concurrently the Group President of DelGro Corporation Ltd and President and CEO of SBS Transit Ltd. Phua Tin How had also served on the Board of several other companies listed on the Mainboard of SGX-ST, and is currently an independent director of YHI International Ltd.

Phua Tin How holds a Master in Business Administration degree from INSEAD, France and a Bachelor of Science (Hons) degree from the University of Singapore.

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 45 years of experience dealing with gold and jewellery and more than 25 years in the pawnbroking industry. He started his career as a jewellery salesman before setting up Golden Goldsmith Jewellers in 1979 to trade in gold jewellery locally and overseas. In 1988, he made his first foray in the pawnbroking industry by starting Ban Soon Pawnshop together with other business partners. Throughout the years, he has been instrumental in the development and growth of our Group and our various business segments.

Yeah Hiang Nam is a recipient for Top Entrepreneur in the Entrepreneur of the Year Award 2010 from the Rotary-ASME.

Yeah Lee Ching is our Executive Director. She was appointed to the Board of our Company on 12 April 2013 and is responsible for 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 jewellery and gemstones industry, having been the General Manager of Golden Success Jewellery Pte Ltd, and later the Marketing and Communications Manager (Asia Pacific) of Signity Management Pte Ltd (now known as Swarovski-Gems). Yeah Lee Ching first joined our Group as Marketing Manager in 2004.

Yeah Lee Ching holds a Master of Business Administration degree from the National University of Singapore and a Graduate Gemologist Diploma from the Gemological Institute of America. She is currently the Secretary of the Singapore Pawnbrokers Association and the Assistant Treasurer of the Enterprise 50 Association.

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

Yeah Chia Kai joined our Company as an Operations Executive in 2004. He founded Mischief Studios Pte Ltd, a software development company, and served as its executive producer in 2006, before reassuming the role of Operations Manager of our Group in 2007.

Yeah Chia Kai graduated from Curtin University of Technology with a Bachelor of Commerce – Marketing degree and was later conferred the Master of Business Administration degrees from both Columbia University and London Business School. He also holds a Certified Diamond Grader Diploma by the HRD Antwerp and a Foundation Certificate in Gemology from the Gemmological Association of Great Britain.

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. From 2007 to 2012, Lim Tong Lee was the Director and Head of Corporate Finance of AmFraser Securities Pte Ltd. In 2013, Lim Tong Lee was the Chief Investment Officer of AmWater Investments Management Pte Ltd. He is currently the Senior Vice President in Venstar Capital Management Pte Ltd.

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.

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 and was later conferred a Master of Business Administration degree by the National University of Singapore.

Key Management

Carol Liew is our Chief Financial Officer since September 2012. 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 then joined Pricewaterhouse Coopers Corporate Finance Pte Ltd where she advised clients on matters relating to capital markets, mergers and acquisitions, corporate and debt restructuring, independent financial advisory and business valuation projects. She later served as the Vice President (Finance and Administration) of Straco Corporation Ltd, then the Chief Financial Officer of TranSil Corporation Pte Ltd and Rotol Singapore Ltd respectively. Prior to joining our Group, she was the Associate Director for Corporate Development of SEF Group Ltd.

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

Leong Koon Weng is our Director of Business Development since August 2014. He assists the CEO to evaluate and develop new business opportunities to ensure growth and profitability of our Group.

He has 20 years of experience in banking where he held various positions with local and international banks in corporate banking, enterprise banking and credit risk review. He also has 8 years of experience in SGX listed companies, namely Gates Electronics Limited (now known as China Environment Limited) and Oceanus Group Limited where he served as the Executive Director and Chief Financial Officer respectively. Prior to joining our Group, Leong Koon Weng was a director in Windsor Management Pte Ltd.

Leong Koon Weng graduated with a Bachelor of Social Sciences (Honours in Economics) degree from the National University of Singapore. He is a member of the Singapore Institute of Directors.

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 and pawnbroking industry. He started his career in Golden Beauty Jewellery Pte Ltd in 1993. He was later the sole proprietor of Progold Trading Pte Ltd from 1998 to 2008, in the wholesaling gold and jewellery. 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 and has completed a productivity training course organised by the Singapore Business Federation in 2012.

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

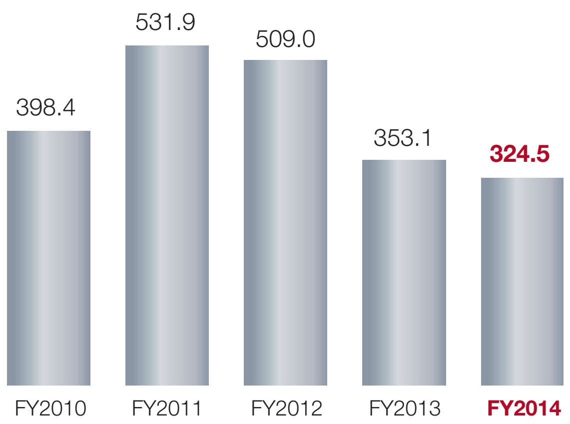
Low Khee Joo has more than 20 years of experience in the bullion business. From 1985 to 1993, he was working with OCBC Bank, dealing in bullion and futures as well as foreign exchange and precious metal margins. From 1993 to 2008, he was a freelance trader, assisting his clients in executing deals, managing their funds and outstanding positions with the bank. Low Khee Joo joined our Group in 2009 as a senior dealer.

Low Khee Joo has 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.

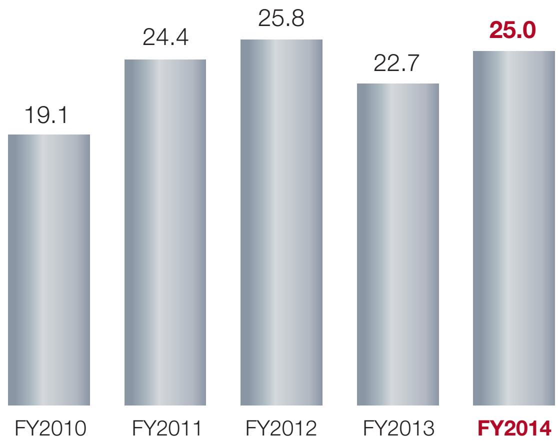
FINANCIAL HIGHLIGHTS

($'million)

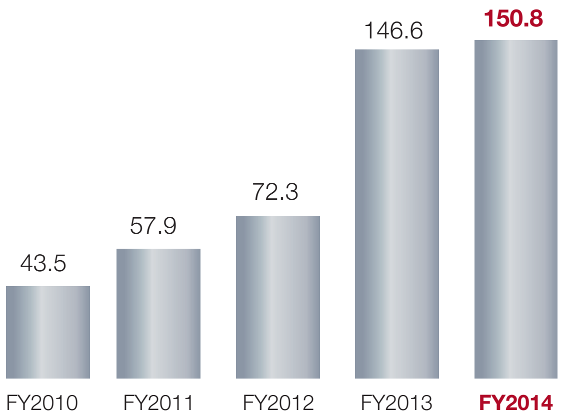
REVENUE



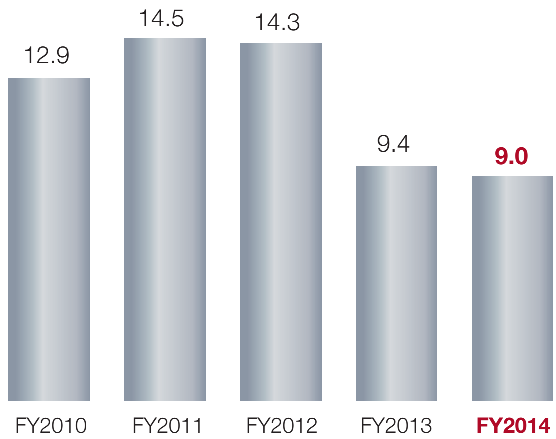
GROSS PROFIT



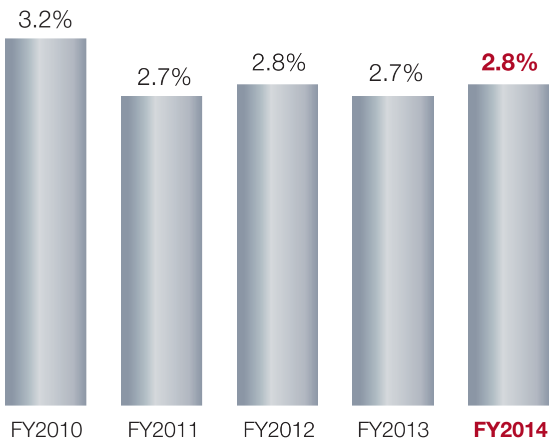
EQUITY ATTRIBUTABLE TO SHAREHOLDERS



PROFIT ATTRIBUTABLE TO SHAREHOLDERS



NET MARGIN



FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

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 possible, 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 2014, 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 3 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 hosts 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 in-between the scheduled meetings. A board member contributes 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 REPORT

Details of Directors' attendance at the Board and Board Committee Meetings held in the financial year ended 31 December 2014 are disclosed in the table below:

Board Members	Board	Nominating Committee	Remuneration Committee	Audit Committee
Phua Tin How	5/5	1/1	2/2	5/5
Yeah Hiang Nam	5/5	NA	NA	NA
Yeah Lee Ching	5/5	NA	NA	NA
Yeah Chia Kai, Steven	5/5	NA	NA	NA
Lim Tong Lee	5/5	1/1	2/2	5/5
Lim Hwee Hai	5/5	1/1	2/2	5/5

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 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 REPORT

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 caliber, 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 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 agendas 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 not, or is not 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 REPORT

Key information on the Directors and their shareholdings in the Company are found on pages 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 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.

Article 98 provides that at least one-third of the Directors shall retire from office at every Annual General Meeting. Mr Yeah Hiang Nam and Mr Lim Hwee Hai will be subject to retirement by rotation at the forthcoming AGM, pursuant to the requirements of Article 98 of the Company's Articles of Association. Both Mr Yeah Hiang Nam and Mr Lim Hwee Hai have indicated that they will be seeking re-election as directors of the Company.

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 six board representations in companies whose shares are quoted on the Singapore Exchange Trading Securities Limited 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 Chairman.

CORPORATE GOVERNANCE REPORT

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 auditor (Ernst & Young LLP) and internal auditor (KPMG Services Pte Ltd) separately, at least once a year, without the presence of management.

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 complies with requirements of the Companies Act. Together with 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 REPORT

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 S$185,000/- for the financial year ended 31 December 2014 (31 December 2013: $86,667/-, being prorated for the year from the date of appointment of the Directors).

Principle 9: Disclosure on Remuneration

Given the confidentiality and commercial sensitivity attached to remuneration matters, the Board is of the view that detailed disclosure of remuneration as recommended by the 2012 Code would not be in the interest of the Company. The remuneration of the Directors, however, are disclosed in the following table which sets out the names of Directors whose remuneration bands fell (i) within and below S$250,000; and (ii) between S$250,000 and S$500,000 for the financial year ended 31 December 2014, together with a breakdown (in percentage terms) of each directors' remuneration earned through base/fixed salary, variable or performance related income/bonuses, and director fees proposed to be paid to each Director subject to the approval of shareholders at the AGM:

	Below S$250,000 Percentage (%) Remuneration earned through:			**Between S$250,000 and S$500,000 Percentage (%) Remuneration earned through:**		
	Base/fixed salary	**Variable or performance related income/ bonuses**	**Director Fees/ Attendance Fees**	**Base/fixed salary**	**Variable or performance related income/ bonuses**	**Director Fees/ Attendance Fees**
Phua Tin How	–	–	100	–	–	–
Yeah Hiang Nam	–	–	–	86	13	1
Yeah Lee Ching	88	12	–	–	–	–
Yeah Chia Kai	88	12	–	–	–	
Lim Tong Lee	–	–	100	–	–	–
Lim Hwee Hai	–	–	100	–	–	–

CORPORATE GOVERNANCE REPORT

Of the remunerations of the top four management personnel who are not directors or the Chief Executive Officer ("CEO") of the Company for the financial year ended 31 December 2014, the remunerations of three executives fell within the remuneration band of $250,000 and below, and the remunerations 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 interest 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 top four management personnel of the Company (who are not directors or the CEO) for FY2014 is $470,000

No termination, retirement and post-employment benefit were granted to any Director, the CEO or any top four key management personnel for the year ended 31 December 2014.

The employee who is an immediate family member of a director or the CEO is Madam Yeow Mooi Gaik, sister of our Managing Director and CEO, Mr Yeah Hiang Nam. Madam Yeow Mooi Gaik received a remuneration of between $50,000 and $100,000. In addition, Mr Yeah Chia Wei, son of our Managing Director and CEO, Mr Yeah Hiang Nam, was appointed as a director of VM Credit Pte. Ltd. and was paid a director's fee of below $50,000.

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 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' investment and the Group's assets. The system of internal controls is intended to provide reasonable but not absolute assurance against material misstatement or loss, including the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practices, and the 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 REPORT

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 109 to 112 under note 30 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 auditors are reported to the Audit Committee together with the auditors' recommendations. Management would then take appropriate actions to rectify the weaknesses highlighted.

The Audit Committee, in the course of their review of the reports presented by the external 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 external auditors the audit plan, and the results of the external auditors' examination 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 Management to the auditors;

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

(e) review interested person transactions;

(f) review internal audit reports and internal audit plans of the Group; and

(g) 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 REPORT

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 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 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 in Note 8 on page 70 of this Annual Report.

The Audit Committee and the Board has received the assurance of the CEO and CFO that:

(a) The financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) They have evaluated the effectiveness of the Group's risk management and internal controls and assessed the external auditor's report on the financial statements and management letter and note that there have been no significant deficiencies in the design or operation of such controls which could adversely affect the Group's ability to record, process, summarise or report financial information. Such risk management and internal controls are in place and effective.

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, 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 annual basis, without the presence of Management. The internal auditor has full access to all the Company's documents, records, properties and personnel including access to the Audit Committee.

CORPORATE GOVERNANCE REPORT

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 loss, and safeguard 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.

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 2014. 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.

CORPORATE GOVERNANCE REPORT

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 permitted trading period. They are also discouraged from dealing in the Company's shares on short-term considerations.

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. The Company does not have a shareholders' mandate for interested person transactions.

Details of the interested person transactions are disclosed as follows:

Name of Interested Person	**Aggregate value of all interested person transactions during the financial year ended 2014 (excluding transactions less than $100,000) (S$'000)**
Lease of premises	
Yeah Properties Pte. Ltd.	312
Yeah Capital Pte. Ltd.	156
Sale of pre-owned jewellery and gold	
Hwa Goldsmith and Jewellers	1,971
Lee Heng Jewellers	164
Lucky Jewellers	458
Mei Zhi Jewellers	254
Purchase of pre-owned jewellery and gold	
Lee Heng Jewellers	148
Acquisition of VM Credit Pte. Ltd.	
Yeah Hiang Nam	500
Tan Hong Yee	500

CORPORATE GOVERNANCE REPORT

Material contracts

Save as disclosed in the section entitled "Interested Person Transactions" in Note 10 to the financial statement on pages 71 to 73, there were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the CEO, 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 $26.4 million of the net proceeds raised from the IPO since the beginning of 2014. This is in addition to the $31.9 million utilised in 2013. Of the $26.4 million, $11.4 million was used in acquisition of three subsidiaries, namely, Tai Eng Pawnbroker Pte. Ltd., VM Credit Pte. Ltd. and Kwong Hin Pawnshop Pte. Ltd. The remaining $15.0 million was utilised in the disbursement of loans by VM Credit Pte. Ltd..

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 2014.

Directors

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

Phua Tin How
Yeah Hiang Nam
Yeah Lee Ching
Yeah Chia Kai
Lim Tong Lee
Lim Hwee Hai

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, Chapter 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**	**At the end of financial year**	**At 21 January 2015**	**At the beginning of financial year**	**At the end of financial year**	**At 21 January 2015**
Ordinary shares of the Company						
Yeah Hiang Nam	42,528,000	42,528,000	42,528,000	355,769,960	355,769,960	355,769,960
Lim Hwee Hai	–	–	–	1,000,000	1,141,000	1,141,000
Ordinary shares of the ultimate holding company Yeah Holdings Pte. Ltd.						
Yeah Hiang Nam	3,766,001	3,766,001	3,766,001	3,766,001	3,766,001	3,766,001
Yeah Lee Ching	1,076,000	1,076,000	1,076,000	–	–	–
Yeah Chia Kai	1,076,000	1,076,000	1,076,000	–	–	–

DIRECTORS' REPORT

Directors' interests in shares or debentures (cont'd)

By virtue of Section 7 of the Singapore Companies Act, Chapter 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 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 comprise 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 performed the functions specified in the Singapore Companies Act, Chapter 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 2015

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 2014 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 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VALUEMAX GROUP LIMITED
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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 114, which comprise the statements of financial position of the Group and the Company as at 31 December 2014, 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 2014

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 2014 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 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(AMOUNTS IN SINGAPORE DOLLARS)

	Note	2014 $'000	2013 $'000
Revenue	4	**324,516**	353,148
Cost of sales		**(299,478)**	(330,427)
Gross profit		**25,038**	22,721
Other item of income			
Other operating income	5	**2,075**	2,642
Other items of expense			
Marketing and distribution expenses		**(411)**	(300)
Administrative expenses		**(15,108)**	(12,270)
Finance costs	6	**(260)**	(176)
Other operating expenses	7	**(2,805)**	(4,103)
Share of results of associates		**1,625**	1,909
Profit before tax	8	**10,154**	10,423
Income tax expense	11	**(759)**	(853)
Profit for the year		**9,395**	9,570
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		**(93)**	(142)
Total comprehensive income for the year		**9,302**	9,428
Profit for the year attributable to:			
Owners of the Company		**8,994**	9,357
Non-controlling interests		**401**	213
		9,395	9,570
Total comprehensive income for the year attributable to:			
Owners of the Company		**8,901**	9,215
Non-controlling interests		**401**	213
		9,302	9,428
Earnings per share (cents per share)			
Basic and diluted	12	**1.69**	2.32

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

(AMOUNTS IN SINGAPORE DOLLARS)

		Group		Company	
	Note	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Non-current assets					
Property, plant and equipment	13	**7,758**	4,967	**25**	40
Intangible asset	14	**43**	–	**–**	–
Investment in subsidiaries	15	**–**	–	**36,886**	27,804
Investment in associates	16	**7,769**	7,442	**1,874**	1,874
Other investments	17	**701**	701	**701**	701
		16,271	13,110	**39,486**	30,419
Current assets					
Inventories	18	**44,246**	43,300	**–**	–
Trade and other receivables	19	**151,297**	136,211	**72,700**	55,605
Prepaid operating expenses		**957**	918	**39**	77
Income tax receivable		**–**	–	**–**	9
Cash and bank balances	20	**37,098**	46,520	**14,939**	37,817
		233,598	226,949	**87,678**	93,508
Total assets		**249,869**	240,059	**127,164**	123,927
Current liabilities					
Trade and other payables	21	**12,268**	10,873	**242**	305
Other liabilities	22	**1,668**	1,518	**589**	621
Interest-bearing loans and borrowings	23	**78,919**	74,985	**–**	–
Income tax payable		**933**	1,351	**147**	–
		93,788	88,727	**978**	926
Net current assets		**139,810**	138,222	**86,700**	92,582
Non-current liabilities					
Provisions	24	**264**	224	**–**	–
Deferred tax liabilities	11	**793**	385	**4**	7
		1,057	609	**4**	7
Total liabilities		**94,845**	89,336	**982**	933
Net assets		**155,024**	150,723	**126,182**	122,994

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

(AMOUNTS IN SINGAPORE DOLLARS)

		Group		Company	
	Note	2014	2013	2014	2013
		$'000	$'000	$'000	$'000
Equity attributable to owners of the Company					
Share capital	25	**78,313**	78,313	**78,313**	78,313
Retained earnings		**78,323**	74,024	**47,869**	44,681
Other reserves	26	**(5,850)**	(5,757)	**–**	–
		150,786	146,580	**126,182**	122,994
Non-controlling interests		**4,238**	4,143	**–**	–
Total equity		**155,024**	150,723	**126,182**	122,994
Total equity and liabilities		**249,869**	240,059	**127,164**	123,927

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 2014

(AMOUNTS IN SINGAPORE DOLLARS)

	Note	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									
2014									
At 1 January 2014		78,313	1,984	(7,599)	(142)	74,024	146,580	4,143	150,723
Profit for the year		–	–	–	–	8,994	8,994	401	9,395
Other comprehensive income									
Foreign currency translation		–	–	–	(93)	–	(93)	–	(93)
Total comprehensive income for the year		–	–	–	(93)	8,994	8,901	401	9,302
Contributions by and distributions to owners									
Dividends paid on ordinary shares	32	–	–	–	–	(4,695)	(4,695)	–	(4,695)
Dividends paid to non-controlling interests		–	–	–	–	–	–	(306)	(306)
Total contributions by and distributions in their capacity as owners		–	–	–	–	(4,695)	(4,695)	(306)	(5,001)
At 31 December 2014		78,313	1,984	(7,599)	(235)	78,323	150,786	4,238	155,024

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(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	1.2	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	25	70,380	–	–	–	–	70,380	–	70,380
Share issuance expense	25	(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 2014

(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	15	–	–	–	–	–	–	3,527	3,527
Acquisition of non-controlling interests without a change in control	15	–	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		72,571	141	(7,599)	–	–	65,113	2,123	67,236
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 2014

(AMOUNTS IN SINGAPORE DOLLARS)

	Note	Share capital $'000	Retained earnings $'000	Total $'000
Company				
At 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	1.2	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	25	70,380	–	70,380
Share issuance expense	25	(2,227)	–	(2,227)
Total transactions with owners in their capacity as owners		72,571	–	72,571
At 31 December 2013 and 1 January 2014		**78,313**	**44,681**	**122,994**
Profit for the year, representing total comprehensive income for the year		**–**	**7,883**	**7,883**
Contributions by and distributions to owners				
Dividends paid on ordinary shares, representing total transactions with owners in their capacity as owners	32	**–**	**(4,695)**	**(4,695)**
At 31 December 2014		**78,313**	**47,869**	**126,182**

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 2014
(AMOUNTS IN SINGAPORE DOLLARS)

	Note	2014 $'000	2013 $'000
Operating activities			
Profit before tax		**10,154**	10,423
Adjustments for:			
Depreciation of property, plant and equipment	13	**653**	504
Allowance for doubtful trade receivables	7	**2,674**	2,546
Allowance for write-down of inventories	7	**131**	160
Interest income	5	**(700)**	(249)
Finance costs	6	**1,458**	1,762
Dividend income from unquoted investments	5	**(80)**	(76)
(Increase)/decrease in fair value of inventories less point-of-sale costs	18	**(145)**	1,719
Net fair value loss/(gain) on loan from an unrelated party	8	**62**	(510)
Excess of fair value over consideration of interest acquired in a subsidiary	5	**(194)**	(405)
Gain on remeasurement of investment in associate to fair value upon business combination achieved in stages	5	**–**	(685)
Share of results of associates		**(1,625)**	(1,909)
Listing expenses		**–**	1,397
Operating cash flows before changes in working capital		**12,388**	14,677
Changes in working capital			
Increase in inventories		**(855)**	(11,832)
(Increase)/decrease in trade and other receivables		**(15,696)**	23,397
Increase in prepaid operating expenses		**(32)**	(50)
Increase/(decrease) in trade and other payables		**1,394**	(24,568)
Increase/(decrease) in other liabilities		**146**	(176)
Cash flows (used in)/generated from operations		**(2,655)**	1,448
Interest received		**700**	249
Finance costs paid		**(1,458)**	(1,762)
Income taxes paid		**(1,203)**	(3,348)
Net cash flows used in operating activities		**(4,616)**	(3,413)
Investing activities			
Purchase of property, plant and equipment	A	**(649)**	(228)
Acquisition of non-controlling interests in subsidiaries	15	**–**	(960)
Net cash outflow on acquisition of a subsidiary	15	**(4,335)**	(847)
Acquisition of additional interest in an associate	1.2	**–**	(480)
Acquisition of unquoted investments		**–**	(13)
Dividend income from associates		**1,230**	802
Dividend income from other investments		**80**	76
Net cash flows used in investing activities		**(3,674)**	(1,650)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014
(AMOUNTS IN SINGAPORE DOLLARS)

	Note	2014 $'000	2013 $'000
Financing activities			
Proceeds from short-term bank borrowings		**9,550**	12,000
Repayment of short-term bank borrowings		**(5,501)**	(19,442)
Repayment of obligations under finance leases		**(4)**	(3)
Gross proceeds from issuance of ordinary shares pursuant to the initial public offering	25	**–**	70,380
Listing expenses	25	**–**	(3,624)
Dividends paid to non-controlling interests		**(306)**	(303)
Dividends paid on ordinary shares		**(4,695)**	–
Net cash flows (used in)/generated from financing activities		**(956)**	59,008
Net (decrease)/increase in cash and cash equivalents		**(9,246)**	53,945
Cash and cash equivalents at beginning of year		**45,514**	(8,431)
Cash and cash equivalents at end of year	20	**36,268**	45,514

Note to the consolidated statement of cash flows

A. Property, plant and equipment

	Note	2014 $'000	2013 $'000
Current year additions to property, plant and equipment	13	**689**	423
Less: Provision for restoration costs included in "Renovations"		**(40)**	(195)
Net cash outflow for purchase of property, plant and equipment		**649**	228

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 2014

1. Corporate information

1.1 The Company

ValueMax Group Limited is a limited liability company incorporated and domiciled in Singapore and was listed on the Singapore Exchange 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 15 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 Singapore Exchange (the "Restructuring Exercise"), the effects of which have been included in the Group's financial statements at the beginning of the earliest period presented (i.e. 1 January 2013):

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.

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 at the beginning of the earliest period presented (i.e. 1 January 2013) 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 2013 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 at the beginning of the earliest period presented (i.e. 1 January 2013):

(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 2014

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 2014

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 when 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 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

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
Amendments to FRS 19 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 16 *Property, Plant and Equipment and FRS 38 Intangible Assets*	1 July 2014
(b) Amendments to FRS 24 *Related Party Disclosures*	1 July 2014
(c) Amendments to FRS 103 *Business Combinations*	1 July 2014
(d) Amendments to FRS 108 *Operating Segments*	1 July 2014
(e) Amendments to FRS 113 *Fair Value Measurement*	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 103 *Business Combinations*	1 July 2014
(b) Amendments to FRS 113 *Fair Value Measurement*	1 July 2014
Amendments to FRS 16 *Property, Plant and Equipment: Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016

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
Amendments to FRS 110 *Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 19 *Employee Benefits*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018

Except for FRS 109 and FRS 115, 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 109 and FRS 115 are described below.

FRS 109 Financial Instruments

FRS 109 *Financial Instruments* replaces FRS 39 *Financial Instruments: Recognition and Measurement*. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the new standard on the required effective date.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

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

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

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 2014

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

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

(b) Business combinations and goodwill

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.

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 profit or loss.

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.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

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

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

(c) Business combinations achieved in stages

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.

(d) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

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.

(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.

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

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.

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.

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 Intangible asset

Intangible asset acquired separately is measured initially at cost. Following initial acquisition, the intangible asset is carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful life of the intangible asset is assessed as indefinite.

Intangible asset with indefinite useful life is tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The intangible asset is not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

2.8 Intangible asset (cont'd)

Moneylending licence

The moneylending licence was acquired in a business combination. The useful life of the licence is estimated to be indefinite because management believes there is no foreseeable limit to the period over which the licence is expected to generate net cash inflows for the Group.

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

2.10 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

2.11 Associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, investment in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. 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 associate are eliminated to the extent of the interest in the 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 associate. 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 at the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

2.12 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.

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

2.12 Financial instruments (cont'd)

(a) Financial assets (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

2.12 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Subsequent measurement (cont'd)

(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.

2.13 Impairment of financial assets

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

(a) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

2.13 Impairment of financial assets (cont'd)

(a) Financial assets carried at amortised cost (cont'd)

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.

(b) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment is recognised directly in other comprehensive income.

2.14 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.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

2.15 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.

2.16 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.

2.17 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 upon receipt of the grant. Grants related to income are presented under other operating income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

2.18 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.

2.19 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.

2.20 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 2014

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

2.20 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.

2.21 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.

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

2.21 Leases (cont'd)

(a) As lessee (cont'd)

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.

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 2.22(c). Contingent rents are recognised as revenue in the period in which they are earned.

2.22 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.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

2.22 Revenue (cont'd)

(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.

(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.

2.23 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.

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

2.23 Taxes (cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

2.23 Taxes (cont'd)

(b) Deferred tax (cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

2.24 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 29, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 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.

2.26 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

2.27 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.

(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); or

(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 judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, 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 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements 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 judgement 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 $933,000 (2013: $1,351,000) and $793,000 (2013: $385,000) respectively.

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 were 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.

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

3.2 Key sources of estimation uncertainty (cont'd)

(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 19 to the financial statements. A 1% reduction in the redemption rate of collateralised loans of the pawnbroking segment is not expected to have a significant impact on the Group's financial statements as at 31 December 2014 and 2013.

(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 18 to the financial statements. If the prevailing market gold prices decrease by 5%, the carrying amount of inventories stated as at 31 December 2014 would reduce by $244,000. A 5% reduction in the prevailing market gold prices did not have a significant impact on the Group's inventories stated as at 31 December 2013.

(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 $124,173,000 (2013: $124,047,000). A 5% reduction in the prevailing market gold prices is not expected to have a significant impact on the Group's financial statements as at 31 December 2014 and 2013.

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FINANCIAL STATEMENTS
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4. Revenue

	Group 2014 $'000	Group 2013 $'000
Retail and trading of pre-owned jewellery and gold	**304,293**	332,676
Interest income from pawnbroking services	**20,147**	20,472
Interest income from moneylending services	**76**	–
	324,516	353,148

5. Other operating income

	Note	Group 2014 $'000	Group 2013 $'000
Rental income from leasehold property		**624**	415
Interest income on loans and receivables		**700**	249
Workmanship income		**3**	6
Dividend income from unquoted investments		**80**	76
Management fee income from director-related companies		**241**	385
Gain on remeasurement of investment in associate to fair value upon business combination achieved in stages	15	**–**	685
Excess of fair value over consideration of equity interest acquired in a subsidiary	15	**194**	405
Special Employment Credit		**75**	68
Wage Credit Scheme		**61**	–
Grant income from SME cash grant		**–**	6
Income from assignment of tenancy agreement to unrelated party		**–**	300
Others		**97**	47
		2,075	2,642

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5. Other operating income (cont'd)

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.

The Wage Credit Scheme was introduced in the 2013 Budget to help businesses with rising wage costs. Under this Scheme, the Singapore Government will co-fund 40% of wage increases given to Singaporean employees earning a gross monthly wage of $4,000 or below from the period 2013 to 2015. It was announced in the 2015 Budget that this Scheme will be extended to 2016 and 2017 for which the Singapore Government will co-fund 20% of wage increases.

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.

6. Finance costs

	Group	
	2014	**2013**
	$'000	**$'000**
Interest expense		
– Bank overdrafts	**41**	207
– Short-term bank borrowings	**1,333**	1,401
– Loans from directors/shareholders	**84**	154
	1,458	1,762

Included in the consolidated statement of comprehensive income under:

– Cost of sales	**1,198**	1,586
– Finance costs	**260**	176
	1,458	1,762

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7. Other operating expenses

	Note	Group 2014 $'000	Group 2013 $'000
Allowance for write-down of inventories	18	**131**	160
Allowance for doubtful trade receivables	19	**2,674**	2,546
Listing expenses	25	**–**	1,397
		2,805	4,103

8. Profit before tax

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

	Note	Group 2014 $'000	Group 2013 $'000
Audit fees paid to auditors of the Company		**225**	176
Non-audit fees:			
– Auditors of the Company		**86**	462
– Other auditors		**–**	4
Depreciation of property, plant and equipment	13	**653**	504
Employee benefits expense	9	**8,439**	7,321
Inventories recognised as an expense in cost of sales	18	**298,279**	328,841
(Increase)/decrease in fair value of inventories less point-of-sale costs	18	**(145)**	1,719
Operating lease expense	27(a)	**3,499**	2,809
Net fair value loss/(gain) on loan from an unrelated party		**62**	(510)

9. Employee benefits

	Group 2014 $'000	Group 2013 $'000
Employee benefits expense (including directors):		
Salaries and bonuses	**7,420**	6,471
Central Provident Fund contributions	**774**	618
Other personnel expenses	**245**	232
	8,439	7,321

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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	
	2014	**2013**
	$'000	**$'000**
Sale of goods to director-related companies	**3,010**	2,804
Purchase of goods from associates	**(1,300)**	(2,751)
Purchase of goods from an investee company	**–**	(319)
Purchase of goods from director-related companies	**(724)**	(12,164)
Purchase of services from a director-related company	**–**	(1)
Dividend income from associates	**442**	802
Dividend income from an investee company	**80**	76
Rental paid to director-related companies	**(479)**	(455)
Rental paid to a director	**(52)**	(60)
Consideration paid on acquisition of a subsidiary from shareholders	**(1,000)**	–
Management fee income received from associates	**237**	127
Management fee income received from an investee company	**–**	18
Management fee income received from director-related companies	**4**	240
Interest received from associates	**67**	150
Interest paid to shareholders	**(83)**	(154)
Administrative service fee income received from a director-related company	**2**	–

10. Related party transactions (cont'd)

(b) Compensation of key management personnel

	Group	
	2014	**2013**
	$'000	**$'000**
Short-term employee benefits	**1,443**	1,308
Central Provident Fund contributions	**69**	71
Total compensation paid to key management personnel	**1,512**	1,379
Comprise amounts paid to:		
Directors of the Company	**1,042**	992
Other key management personnel	**470**	387
	1,512	1,379

(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 and $64,900 in 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 and $38,940 in 2015 and 2016 respectively.

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 and $45,500 in 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 and $45,500 in 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 and $15,050 in 2015 and 2016 respectively.

10. Related party transactions (cont'd)

(c) Commitments with related parties (cont'd)

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 and $15,050 in 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 and $12,600 in 2015 and 2016 respectively.

On 28 August 2014, VRP entered into a 12-month agreement ending 1 September 2015 with Golden Goldsmith Jewellers ("GGJ"), a director-related partnership, for the lease of office space. The Group expects the rental paid to GGJ in 2015 to be $14,400.

11. Income tax expense

(a) Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2014 and 2013 are:

	Group	
	2014	**2013**
	$'000	**$'000**
Current income tax		
Current income taxation	**641**	816
Over provision in respect of previous years	**(290)**	(299)
	351	517
Deferred income tax		
Origination and reversal of temporary differences	**408**	336
Income tax expense recognised in profit or loss	**759**	853

11. Income tax expense (cont'd)

(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	
	2014	**2013**
	$'000	**$'000**
Profit before tax	**10,154**	10,423
Tax at the domestic rates applicable to profits in the countries where the Group operates	**1,812**	1,791
Adjustments:		
– Non-deductible expenses	**190**	365
– Income not subject to taxation	**(85)**	(260)
– Effect of partial tax exemption	**(653)**	(623)
– Deferred tax assets not recognised	**145**	173
– Over provision in respect of previous years	**(290)**	(299)
– Share of results of associates	**(355)**	(325)
– Others	**(5)**	31
Income tax expense recognised in profit or loss	**759**	853

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

(c) Deferred income tax

	Group	
	2014	**2013**
	$'000	**$'000**
Balance at 1 January	**385**	49
Tax charged to profit or loss	**408**	336
Balance at 31 December	**793**	385

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11. Income tax expense (cont'd)

(c) Deferred income tax (cont'd)

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

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Differences in depreciation for tax purposes	**31**	23	**4**	7
Fair value adjustments on acquisitions of subsidiaries	**762**	362	**–**	–
	793	385	**4**	7

At the end of the reporting period, the Group has tax losses of approximately $28,000 (2013: $1,182,000) 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.

Tax consequences of proposed dividends

There are no income tax consequences (2013: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 32).

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.

	Group	
	2014	2013
Profit for the year attributable to owners of the Company ($'000)	**8,994**	9,357
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share computation ('000)	**533,498**	403,203
Basic and diluted earnings per share (cents)	**1.69**	2.32

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 2014 and 2013.

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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 2013	2,167	981	206	1,097	4,451
Additions	–	183	25	215	423
Acquisition of a subsidiary (Note 15)	2,500	6	7	–	2,513
Written off	–	(11)	–	–	(11)
At 31 December 2013 and 1 January 2014	4,667	1,159	238	1,312	7,376
Additions	–	333	7	349	689
Acquisition of a subsidiary (Note 15)	2,750	6	–	–	2,756
Written off	–	(83)	–	–	(83)
At 31 December 2014	**7,417**	**1,415**	**245**	**1,661**	**10,738**
Accumulated depreciation					
At 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 and 1 January 2014	655	732	105	917	2,409
Depreciation charge for the year	155	207	41	250	653
Written off	–	(82)	–	–	(82)
At 31 December 2014	**810**	**857**	**146**	**1,167**	**2,980**
Net carrying amount					
At 31 December 2013	4,012	427	133	395	4,967
At 31 December 2014	**6,607**	**558**	**99**	**494**	**7,758**

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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 2013	159	15	50	224
Additions	2	5	2	9
At 31 December 2013 and 1 January 2014	161	20	52	233
Additions	2	2	–	4
Written off	(19)	–	–	(19)
At 31 December 2014	**144**	**22**	**52**	**218**
Accumulated depreciation				
At 1 January 2013	136	6	27	169
Depreciation charge for the year	13	3	8	24
At 31 December 2013 and 1 January 2014	149	9	35	193
Depreciation charge for the year	6	4	8	18
Written off	(18)	–	–	(18)
At 31 December 2014	**137**	**13**	**43**	**193**
Net carrying amount				
At 31 December 2013	12	11	17	40
At 31 December 2014	**7**	**9**	**9**	**25**

Restoration costs

Included in the Group's carrying amount of renovations is $85,000 (2013: $136,000) of provision for restoration costs.

Assets held under finance leases

There was no property, plant and equipment under finance leases as at 31 December 2014. The carrying amount of property, plant and equipment held under finance leases as at 31 December 2013 was $5,000, which had 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

A fixed and floating charge has been placed on property, plant and equipment with a carrying value of $4,798,000 (2013: S$4,520,000) as security for bank borrowings (Note 23).

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14. Intangible asset

	Group	
	2014	**2013**
	$'000	**$'000**
Moneylending licence	**43**	–

Moneylending licence, as issued by the Registry of Moneylenders in Singapore, was acquired when the Group acquired the entire equity interest in VM Credit Pte. Ltd. during the financial year ended 31 December 2014. As explained in Note 2.8, the useful life of the moneylending licence is estimated to be indefinite.

Impairment testing of moneylending licence

Impairment testing of moneylending licence has been done by comparing the carrying amount with its recoverable amount.

The recoverable amount of the moneylending licence has been determined based on value in use calculations using cash flow projections from financial budgets of the business unit approved by management covering a ten-year period. Management has considered and determined the factors applied in these financial budgets which include average growth rates derived based on management's judgement. The applied compounded average growth rate for the first ten years is 10% and an annual growth rate of 5% is applied thereafter. The pre-tax discount rates applied in the cash flow projections is 12%, which reflects management's estimation of the risks specific to the business unit.

15. Investment in subsidiaries

	Company	
	2014	**2013**
	$'000	**$'000**
Unquoted equity shares, at cost	**36,998**	27,916
Impairment losses	**(112)**	(112)
	36,886	27,804

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15. Investment in subsidiaries (cont'd)

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 2014	2013
Held by the Company				
Ban Soon Pawnshop Pte. Ltd. [1]	Singapore	Pawnbroking	**50.55**	50.55
Tai Eng Pawnbroker Pte. Ltd. [1] [2]	Singapore	Pawnbroking	**100.00**	–
ValueMax Pawnshop Pte. Ltd. [1]	Singapore	Pawnbroking	**100.00**	100.00
ValueMax Pawnshop (BD) Pte. Ltd. [1]	Singapore	Pawnbroking	**97.70**	97.70
ValueMax Pawnshop (PR) Pte. Ltd. [1]	Singapore	Pawnbroking	**90.89**	90.89
ValueMax Pawnshop (SG) Pte. Ltd. [1]	Singapore	Pawnbroking	**100.00**	100.00
ValueMax Pawnshop (JP) Pte. Ltd. [1]	Singapore	Pawnbroking	**100.00**	100.00
ValueMax Pawnshop (CCK) Pte. Ltd. [1]	Singapore	Pawnbroking	**100.00**	100.00
ValueMax Pawnshop (BK) Pte. Ltd. [1]	Singapore	Pawnbroking	**100.00**	100.00
ValueMax Pawnshop (WL) Pte. Ltd. [1]	Singapore	Pawnbroking	**97.50**	97.50
ValueMax Pawnshop (EL) Pte. Ltd. [1]	Singapore	Pawnbroking	**100.00**	100.00
ValueMax Retail Pte. Ltd. [1]	Singapore	Retail sale of pre-owned jewellery	**100.00**	100.00
ValueMax Management Pte. Ltd. [1]	Singapore	Provision of management and IT services	**100.00**	100.00

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15. Investment in subsidiaries (cont'd)

Name of subsidiaries	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest 2014	2013
Held by the Company (cont'd)				
ValueMax International Pte. Ltd. [(1)]	Singapore	Investment holding and provision of management 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
VM Credit Pte. Ltd. [(1) (2)]	Singapore	Licensed moneylending	**100.00**	–
VMM Holdings Sdn. Bhd. [(3)]	Malaysia	Investment holding	**100.00**	100.00

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

(2) New acquisition during the financial year ended 31 December 2014.

(3) Audited by Lim & Company, Malaysia.

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15. Investment in subsidiaries (cont'd)

Interest in subsidiaries with material non-controlling interests ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group:

Name of subsidiary	Principal place of business	Proportion (%) of ownership interest held by NCI
As at 31 December 2014 and 31 December 2013		
Pawnbroking subsidiaries:		
Ban Soon Pawnshop Pte. Ltd.	Singapore	49.45
ValueMax Pawnshop (BD) Pte. Ltd.	Singapore	2.30
ValueMax Pawnshop (PR) Pte. Ltd.	Singapore	9.11
ValueMax Pawnshop (WL) Pte. Ltd.	Singapore	2.50

Summarised financial information about subsidiaries with material NCI

Summarised aggregated financial information including consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised statement of financial position

	Pawnbroking subsidiaries	
	2014 $'000	2013 $'000
Current		
Assets	**74,857**	65,566
Liabilities	**(55,596)**	(46,627)
Net current assets	**19,261**	18,939
Non-current		
Assets	**4,031**	4,233
Liabilities	**(386)**	(397)
Net non-current assets	**3,645**	3,836
Net assets	**22,906**	22,775

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15. Investment in subsidiaries (cont'd)

Summarised statement of comprehensive income

	Pawnbroking subsidiaries	
	2014	**2013**
	$'000	**$'000**
Revenue	**17,717**	14,661
Profit before income tax	**3,605**	3,259
Income tax expense	**(186)**	(332)
Profit after tax, representing total comprehensive income	**3,419**	2,927

Other summarised information

	Pawnbroking subsidiaries	
	2014	**2013**
	$'000	**$'000**
Net cash flows generated from operations	**20,282**	13,404
Profit allocated to NCI during the reporting period	**401**	213
Accumulated NCI at the end of reporting period	**4,238**	4,143
Dividends paid to NCI	**306**	303

Acquisition of subsidiaries

Acquisition of Tai Eng Pawnbroker Pte. Ltd.

On 29 July 2014, the Company acquired the entire equity interest in Tai Eng Pawnbroker Pte. Ltd. ("TEP") for a cash consideration of $4,982,000. Upon the acquisition, TEP became a wholly-owned subsidiary of the Group.

The Group acquired TEP in order to expand the Group's market reach and customer base.

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15. Investment in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

Acquisition of Tai Eng Pawnbroker Pte. Ltd. (cont'd)

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

	Fair value recognised on acquisition $'000
Property, plant and equipment	2,756
Trade and other receivables	2,088
Prepaid operating expenses	7
Inventories	75
Cash and bank balances	647
	5,573
Other liabilities	5
Income tax payable	10
Deferred tax liabilities	425
	440
Total identifiable net assets at fair value	5,133
Excess of fair value over consideration of interest acquired in a subsidiary	(151)
Cash paid, representing total consideration transferred	4,982

Effect of the acquisition of TEP on cash flows

Cash paid	4,982
Less: Cash and cash equivalents of subsidiary acquired	(647)
Net cash outflow on acquisition	4,335

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15. Investment in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

Acquisition of Tai Eng Pawnbroker Pte. Ltd. (cont'd)

Gain on bargain purchase arising from acquisitions

The gain on bargain purchase of TEP amounting to $151,000 arose because the purchase consideration for the acquisition of the equity interests in TEP was arrived at based on the estimated carrying value of the net assets of TEP as at 31 December 2013, while the acquisition was completed on 29 July 2014.

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 2014.

Impact of the acquisitions on profit or loss

From the acquisition date, TEP contributed $377,000 of revenue and a profit of $37,000 to the Group's profit for the year. If the business combinations had taken place at the beginning of the year, the Group's revenue would have been $324,714,000 and the Group's profit for the financial year ended 31 December 2014 would have been $9,512,000.

Acquisition of VM Credit Pte. Ltd.

On 2 September 2014, the Company acquired the entire equity interest in VM Credit Pte. Ltd. ("VMC") for a cash consideration of $1,000,000. Upon the acquisition, VMC became a wholly-owned subsidiary of the Group.

The Group acquired VMC in order to enlarge the range of loan services it can offer to its customers.

15. Investment in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

Acquisition of VM Credit Pte. Ltd. (cont'd)

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

	Fair value recognised on acquisition $'000
Intangible asset	43
Cash and bank balances	1,000
	1,043
Total identifiable net assets at fair value	1,043
Excess of fair value over consideration of interest acquired in a subsidiary	(43)
Cash paid, representing total consideration transferred	1,000

Effect of the acquisition of VMC on cash flows

Cash paid	1,000
Less: Cash and cash equivalents of subsidiary acquired	1,000
Net cash outflow on acquisition	–

Gain on bargain purchase arising from acquisitions

The gain on bargain purchase of VMC amounting to $43,000 arose because the purchase consideration for the acquisition of the equity interests in VMC was arrived at based on the carrying value of the net tangible assets of VMC as at 2 September 2014, which amounted to $1,000,000.

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 2014.

Impact of the acquisitions on profit or loss

From the acquisition date, VMC contributed $76,000 of revenue and a loss of $64,000 to the Group's profit for the year. If the business combinations had taken place at the beginning of the year, the Group's revenue would have been $324,516,000 and the Group's profit for the financial year ended 31 December 2014 would have been $9,393,000.

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15. Investment in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

Acquisition of Ban Soon Pawnshop Pte. Ltd.

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
Interest-bearing loans and borrowings	3,135
Income tax payable	260
Deferred tax liabilities	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	(405)
	3,201

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15. Investment in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

Acquisition of Ban Soon Pawnshop Pte. Ltd. (cont'd)

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

Effect of the acquisition of BSP on cash flows

Cash paid	868
Less: Cash and cash equivalents 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 interest 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.

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15. Investment in subsidiaries (cont'd)

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.

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)

16. Investment in associates

The Group's material investments in associates are summarised below:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Pawnbroking associates	6,392	5,994	1,874	1,874
Other associates	1,461	1,465	–	–
	7,853	7,459	1,874	1,874
Currency realignment	(84)	(17)	–	–
	7,769	7,442	1,874	1,874

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16. Investment in associates (cont'd)

Name of associates	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest 2014 %	2013 %
Held by the Company				
Soon Hong Pawnshop Pte. Ltd. (1)	Singapore	Pawnbroking	**50.00**	50.00
Ban Lian Pawnshop Pte. Ltd. (1)	Singapore	Pawnbroking	**19.80**	19.80
Held through VMM Holdings Sdn. Bhd.				
SYT Pavilion Sdn. Bhd. (2)	Malaysia	Investment holding	**46.58**	46.58
Thye Shing Pawnshop Sdn. Bhd. (3)	Malaysia	Pawnbroking	**46.58**	46.58
Kedai Emas Well Chip Sdn. Bhd. (2)	Malaysia	Retail and trading of pre-owned jewellery	**46.58**	46.58
Kedai Pajak Well Chip Sdn. Bhd. (2)	Malaysia	Pawnbroking	**46.58**	46.58
Held through SYT Pavilion Sdn. Bhd.				
Pajak Gadai Bintang Sdn. Bhd. (2)	Malaysia	Pawnbroking	**46.58**	46.58
Pajak Gadai Shinegold Sdn. Bhd. (2)	Malaysia	Pawnbroking	**46.58**	46.11
Grand Chip Sdn. Bhd. (2)	Malaysia	Pawnbroking	**46.58**	46.11
SYT Berlian Sdn. Bhd. (2)	Malaysia	Pawnbroking	**46.58**	46.11

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

(2) Audited by Lim & Company, Malaysia.

(3) Audited by Cheng & Co., Malaysia.

The activities of the associates are strategic to the Group's activities.

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16. Investment in associates (cont'd)

Aggregate information about the Group's investments in associates that are not individually material are as follows:

	2014 $'000	2013 $'000
(Loss)/profit for the year, representing total comprehensive income for the year	**(224)**	17

The following tables summarise the financial information in respect of the Group's pawnbroking associates for the financial year ended 31 December 2014 based on their FRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised statement of financial position

	Pawnbroking associates As at 31 December 2014 $'000
Current assets	**49,766**
Non-current assets	**732**
Total assets	**50,498**
Current liabilities	**33,429**
Non-current liabilities	**43**
Total liabilities	**33,472**
Net assets	**17,026**
Group's share of net assets based on the respective proportion of the Group's ownership in the associates	**6,327**
Other adjustments	**65**
Carrying amount of the investments	**6,392**

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16. Investment in associates (cont'd)

Summarised statement of comprehensive income

	Pawnbroking associates 2014 $'000
Revenue	**15,025**
Profit after tax, representing total comprehensive income	**3,884**

17. Other investments

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Unquoted equity shares, at cost	**701**	701	**701**	701

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

18. Inventories

	Group	
	2014	**2013**
	$'000	**$'000**
Consolidated statement of financial position:		
Commodity inventories at fair value	**4,362**	5,198
Other inventories at the lower of cost and net realisable value	**39,884**	38,102
	44,246	43,300
Consolidated statement of comprehensive income:		
Recognised in the statement of comprehensive income		
– Inventories recognised as an expense in cost of sales	**298,279**	328,841
– Inventories written-down	**131**	160
– (Increase)/decrease in fair value of inventories less point-of-sale costs	**(145)**	1,719

A floating charge has been placed on the inventories with a carrying value of $32,083,000 (2013: $35,337,000) as security for bank borrowings (Note 23).

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19. Trade and other receivables

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Trade receivables		**144,294**	133,393	**–**	–
Other receivables		**188**	333	**42**	217
Deposits		**1,739**	1,395	**296**	6
Amounts due from subsidiaries (trade)		**–**	–	**1,838**	1,049
Amounts due from subsidiaries (non-trade)		**–**	–	**15,916**	701
Amounts due from associates (trade)		**230**	16	**–**	2
Amounts due from associates (non-trade)		**118**	–	**14**	–
Amounts due from director-related companies (trade)		**9**	73	**–**	19
Amounts due from director-related companies (non-trade)		**–**	1	**–**	–
Loans to subsidiaries		**–**	–	**53,049**	52,611
Loans to associates		**4,719**	1,000	**1,545**	1,000
Total trade and other receivables		**151,297**	136,211	**72,700**	55,605
Add:					
Cash and bank balances	20	**37,098**	46,520	**14,939**	37,817
Total loans and receivables		**188,395**	182,731	**87,639**	93,422

Trade and other receivables denominated in foreign currencies at 31 December are as follows:

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
United States Dollar	**–**	2,518	**–**	–
Malaysian Ringgit	**3,278**	–	**–**	–

A floating charge has been placed on trade and other receivables with a carrying value of $148,526,000 (2013: $150,250,000) as security for bank borrowings (Note 23).

Trade receivables

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

Receivables from the 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.

Loans to customers in the pawnbroking segment are loans which are interest bearing at 1.0% for the first month and 1.5% for the subsequent 5 months (2013: 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.

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(AMOUNTS IN SINGAPORE DOLLARS)

19. Trade and other receivables (cont'd)

Trade receivables (cont'd)

Loans to customers in the moneylending segment are loans which are interest bearing at interest rates of between 8.4% and 24.0% per annum. The quantum of loans granted to customers is based on a fraction of the value of the assets pledged to the Group.

Related party balances

Amounts due from subsidiaries, associates 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% (2013: 5.00%) per annum, repayable on demand and are to be settled in cash.

Loans to subsidiaries are unsecured, bear interest at 1.50% to 5.00% (2013: 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 2014 and 2013.

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	
	2014	**2013**
	$'000	**$'000**
Trade receivables – nominal amounts	**128,883**	128,997
Less: Allowance for impairment	**(144)**	(399)
	128,739	128,598
Movement in allowance accounts:		
At 1 January	**399**	656
Charge for the year	**2,674**	2,546
Written off	**(2,929)**	(2,803)
At 31 December	**144**	399

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.

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20. Cash and bank balances

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Cash at banks and on hand	**9,816**	8,520	**1,810**	2,817
Short-term deposits	**27,282**	38,000	**13,129**	35,000
	37,098	46,520	**14,939**	37,817

Cash at banks do not earn interest. Short-term deposits are made for varying periods of between one and three 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 2014 for both the Group and the Company was 1.30% (2013: 0.98%).

There are no cash and bank balances denominated in foreign currencies as at 31 December 2014 and 2013.

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	2014	2013
		$'000	$'000
Cash and bank balances		**37,098**	46,520
Bank overdrafts	23	**(830)**	(1,006)
Cash and cash equivalents		**36,268**	45,514

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 23 to the financial statements.

A floating charge has been placed on cash and bank balances with a carrying value of $19,965,000 (2013: $7,983,000) as security for bank borrowings (Note 23).

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21. Trade and other payables

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Trade payables		**6,831**	4,003	**–**	–
Other payables		**1,133**	311	**223**	83
Amounts due to subsidiaries (non-trade)		**–**	–	**16**	220
Amount due to an associate (non-trade)		**3**	2	**3**	2
Amounts due to director-related companies (trade)		**–**	658	**–**	–
Amounts due to director-related companies (non-trade)		**8**	8	**–**	–
Amounts due to directors (non-trade)		**388**	–	**–**	–
Amounts due to shareholders		**381**	89	**–**	–
Loans from shareholders		**3,524**	5,802	**–**	–
Total trade and other payables		**12,268**	10,873	**242**	305
Add:					
Accrued operating expenses	22	**1,366**	1,257	**589**	621
Interest-bearing loans and borrowings	23	**78,919**	74,985	**–**	–
Less:					
Loan from an unrelated party	23	**(1,581)**	(1,519)	**–**	–
Total financial liabilities carried at amortised cost		**90,972**	85,596	**831**	926

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

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
United States Dollar	**5,726**	–	**–**	–

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 shareholders are unsecured, bear interest at 1.50% to 5.00% (2013: 3.00% to 5.00%) per annum, and are repayable on demand.

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22. Other liabilities

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Accrued operating expenses	**1,366**	1,257	**589**	621
Advances from customers	**294**	254	**–**	–
Deferred revenue from customer loyalty award	**8**	7	**–**	–
	1,668	1,518	**589**	621

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	
	2014	**2013**
	$'000	**$'000**
At 1 January	**7**	6
Additions during the year	**2**	15
Recognised in profit or loss	**(1)**	(14)
At 31 December	**8**	7

23. Interest-bearing loans and borrowings

		Group	
	Note	**2014**	**2013**
		$'000	**$'000**
Current			
Obligations under finance leases	27(c)	**–**	2
Loan from an unrelated party		**1,581**	1,519
Bank overdrafts		**830**	1,006
Bank loans		**76,508**	72,458
		78,919	74,985
Add:			
Loans from shareholders	21	**3,524**	5,802
Total loans and borrowings		**82,443**	80,787

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23. 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 for the financial year ended 31 December 2013 was 2.96% per annum.

Loan from an unrelated party

This loan is unsecured, repayable on demand and 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 its subsidiary.

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	2014	2013	2014	2013
Bank overdrafts		**2.34% to 5.00%**	2.30% to 5.75%	**5.00%**	5.00%
Bank loans		**1.59% to 2.17%**	1.525% to 3.050%	**–**	–
Loan from an unrelated party		**2.50%**	2.50%	**–**	–
Loans from shareholders	21	**1.50% to 5.00%**	3.00% to 5.00%	**–**	–

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24. Provisions

	Group	
	2014	**2013**
	$'000	**$'000**
Provision for restoration costs:		
At 1 January	**224**	29
– Arose during the financial year	**40**	195
At 31 December	**264**	224

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.

25. Share capital

	Group and Company			
	2014		**2013**	
	No. of shares '000	**$'000**	**No. of shares '000**	**$'000**
Issued and fully paid ordinary shares:				
At 1 January	**533,498**	**78,313**	5,742	5,742
Issuance of shares pursuant to the Restructuring Exercise (1)	**–**	**–**	343	4,418
	533,498	**78,313**	6,085	10,160
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**	533,498	78,313

(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 Singapore Exchange on 30 October 2013.

(4) Total listing expenses incurred pursuant to the Company's listing on the Main Board of the Singapore Exchange 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 for the financial year ended 31 December 2013.

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25. Share capital (cont'd)

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.

26. Other reserves

		Group	
	Note	2014 $'000	2013 $'000
Capital reserve	(a)	**1,984**	1,984
Merger reserve	(b)	**(7,599)**	(7,599)
Foreign currency translation reserve	(c)	**(235)**	(142)
At 31 December		**(5,850)**	(5,757)

(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 share capital 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.

27. 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 2014 amounted to $3,499,000 (2013: $2,809,000).

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

	Group	
	2014	**2013**
	$'000	**$'000**
Not later than one year	**3,399**	2,723
Later than one year but not later than five years	**3,359**	3,579
	6,758	6,302

(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	
	2014	**2013**
	$'000	**$'000**
Not later than one year	**628**	306
Later than one year but not later than five years	**635**	246
	1,263	552

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27. Commitments (cont'd)

(c) Finance lease commitments

The Group did not have finance leases as at 31 December 2014. As at 31 December 2013, the Group had 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 were as follows:

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

* Less than $1,000

28. 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.

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

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Note	Fair value measurements at the end of the reporting period using			
		Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant un-observable inputs (Level 3)	Total
		$'000	$'000	$'000	$'000
Group					
2014					
Assets measured at fair value					
Assets					
Non-financial assets					
– Commodity inventories at fair value	18	4,362	–	–	4,362
Non-financial assets as at 31 December 2014		4,362	–	–	4,362
Liabilities					
Non-financial liabilities					
– Loan from an unrelated party	23	(1,581)	–	–	(1,581)
Non-financial liabilities as at 31 December 2014		(1,581)	–	–	(1,581)

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

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

	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 un-observable inputs (Level 3) $'000	Total $'000
Group					
2013					
Assets measured at fair value					
Assets					
Non-financial assets					
– Commodity inventories at fair value	18	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	23	(1,519)	–	–	(1,519)
Non-financial liabilities as at 31 December 2013		(1,519)	–	–	(1,519)

Determination of fair value

Commodity inventories at fair value

The fair value as disclosed in the table above is determined based on an assessment of the purity of gold and the bid price quotation of gold at the end of the reporting period.

Loan from an unrelated party

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

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

(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 liabilities not measured at fair value at 31 December 2014 and 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					
Current liability					
– Obligations under finance leases	–	–	2	2	2

There is no asset or liability carried at fair value but for which fair value is disclosed for the financial year ended 31 December 2014.

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.

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28. 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	2014 $'000 Carrying amount	2014 $'000 Fair value	2013 $'000 Carrying amount	2013 $'000 Fair value	2014 $'000 Carrying amount	2014 $'000 Fair value	2013 $'000 Carrying amount	2013 $'000 Fair value
Financial assets:									
– Unquoted equity shares, at cost	17	**701**	**T**	701	T	**701**	**T**	701	T
Financial liabilities:									
– Obligations under finance leases	23	**–**	**–**	2	2	**–**	**–**	–	–

T <u>Investment in equity shares carried at cost</u>

Fair value information has not been disclosed for the Group's and the Company's investments in unquoted equity shares 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 these investments in the foreseeable future. The Group intends to eventually dispose of these investments through sale to other investors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(AMOUNTS IN SINGAPORE DOLLARS)

29. 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 three main operating business segments, namely:

(a) Pawnbroking;

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

(c) Other operations include moneylending, 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 $201,307,000 (2013: $223,578,000), 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 2014

(AMOUNTS IN SINGAPORE DOLLARS)

29. Segmental information (cont'd)

	Pawnbroking $'000	Retail and trading of pre-owned jewellery and gold $'000	Others $'000	Adjustments/ elimination $'000	Note	Group $'000
2014						
Revenue from external customers	20,147	304,293	76	–		324,516
Inter-segment revenue	19,566	–	–	(19,566)	A	–
Results:						
Interest income	–	–	2,178	(1,478)	A	700
Allowance for write-down of inventories	–	131	–	–		131
Allowance for doubtful trade receivables	2,674	–	–	–		2,674
Share of results of associates	–	–	1,625	–		1,625
Segment profit	6,698	847	790	1,819	B	10,154
Assets:						
Investment in associates	–	–	7,769	–		7,769
Segment assets	158,010	54,869	73,876	(36,886)	C	249,869
Segment liabilities	70,052	21,476	1,591	1,726	D	94,845
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
Allowance for write-down of inventories	–	160	–	–		160
Allowance for doubtful trade receivables	2,546	–	–	–		2,546
Share of results of associates	–	–	1,909	–		1,909
Segment profit	8,023	441	(1,040)	2,999	B	10,423
Assets:						
Investment in associates	–	–	7,442	–		7,442
Segment assets	142,980	48,974	73,935	(25,830)	C	240,059
Segment liabilities	67,660	18,832	1,108	1,736	D	89,336

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(AMOUNTS IN SINGAPORE DOLLARS)

29. Segmental information (cont'd)

Notes

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

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

	Group	
	2014	**2013**
	$'000	**$'000**
Share of results of associates	**1,625**	1,909
Excess of fair value over consideration of interest acquired in a subsidiary	**194**	405
Gain on remeasurement of investment in associate to fair value upon business combination achieved in stages	**–**	685
	1,819	2,999

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

	Group	
	2014	**2013**
	$'000	**$'000**
Inter-segment assets	**36,886**	25,830

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

	Group	
	2014	**2013**
	$'000	**$'000**
Deferred tax liabilities	**793**	385
Income tax payable	**933**	1,351
	1,726	1,736

30. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(AMOUNTS IN SINGAPORE DOLLARS)

30. 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 19 (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 2014

(AMOUNTS IN SINGAPORE DOLLARS)

30. 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.

	Group 1 year or less	
	2014 $'000	**2013 $'000**
Financial assets:		
Trade and other receivables	**151,297**	136,211
Cash and bank balances	**37,098**	46,520
Total undiscounted financial assets	**188,395**	182,731
Financial liabilities:		
Trade and other payables	**12,268**	10,873
Accrued operating expenses	**1,366**	1,257
Interest-bearing loans and borrowings	**78,919**	74,985
Total undiscounted financial liabilities	**92,553**	87,115
Total net undiscounted financial assets	**95,842**	95,616

	Company 1 year or less	
	2014 $'000	**2013 $'000**
Financial assets:		
Trade and other receivables	**72,700**	55,605
Cash and bank balances	**14,939**	37,817
Total undiscounted financial assets	**87,639**	93,422
Financial liabilities:		
Trade and other payables	**242**	305
Accrued operating expenses	**589**	621
Total undiscounted financial liabilities	**831**	926
Total net undiscounted financial assets	**86,808**	92,496

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(AMOUNTS IN SINGAPORE DOLLARS)

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

(b) Liquidity risk (cont'd)

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	
	2014	**2013**
	$'000	**$'000**
Group		
Financial guarantees	**10,241**	6,740
Company		
Financial guarantees	**87,580**	41,333

(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 six 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 (2013: 50) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been $387,000 (2013: $366,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

31. 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 2014 and 2013.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014
(AMOUNTS IN SINGAPORE DOLLARS)

31. Capital management (cont'd)

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	2014 $'000	2013 $'000
Interest-bearing loans and borrowings	23	**78,919**	74,985
Trade and other payables	21	**12,268**	10,873
Other liabilities	22	**1,668**	1,518
Less: Cash and bank balances	20	**(37,098)**	(46,520)
Net debt		**55,757**	40,856
Equity attributable to owners of the Company		**150,786**	146,580
Capital and net debt		**206,543**	187,436
Gearing ratio		**27%**	22%

32. Dividends

	Group and Company	
	2014 $'000	2013 $'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– Final exempt (one-tier) dividend for 2013: 0.88 cents per share	**4,695**	–
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 2014: 0.88 cents (2013: 0.88 cents) per share	**4,695**	4,695

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(AMOUNTS IN SINGAPORE DOLLARS)

33. Events occurring after the reporting period

On 5 January 2015, the Company acquired the entire equity interest in Kwong Hin Pawnshop Pte. Ltd. ("KHP") for a cash consideration of $5,860,000. Upon the acquisition, KHP became a wholly-owned subsidiary of the Group.

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

	Provisional fair value recognised on acquisition $'000
Property, plant and equipment	4,710
Trade and other receivables	2,897
Prepaid operating expenses	9
Inventories	268
Cash and bank balances	1,186
	9,070
Other liabilities	32
Interest-bearing loans and borrowings	3,038
Income tax payable	8
Deferred tax liabilities	540
	3,618
Total identifiable net assets at provisional fair value	5,452
Provisional goodwill arising from consolidation	408
Cash paid, representing total consideration transferred	5,860

Goodwill arising from consolidation

The provisional goodwill of $408,000 resulting from the acquisition of KHP relates to the expansion of the Group's market reach and customer base due to the location of KHP.

34. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 25 March 2015.

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 – 1,000	59	4.48	54,201	0.01
1,001 – 10,000	648	49.16	3,873,599	0.73
10,001 – 1,000,000	594	45.07	44,002,100	8.25
1,000,001 & above	17	1.29	485,568,060	91.01
Total	1,318	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.	166,041,960	31.12
2	CITIBANK NOMINEES SINGAPORE PTE LTD	153,238,700	28.72
3	YEAH HIANG NAM @ YEO HIANG NAM	42,528,000	7.97
4	TAN HONG YEE	39,728,000	7.45
5	DBS NOMINEES PTE LTD	18,307,000	3.43
6	HSBC (SINGAPORE) NOMINEES PTE LTD	14,318,000	2.68
7	MAYBANK KIM ENG SECURITIES PTE LTD	14,306,000	2.68
8	UOB KAY HIAN PTE LTD	13,407,000	2.51
9	RAFFLES NOMINEES (PTE) LTD	6,052,800	1.13
10	CIMB SECURITIES (SINGAPORE) PTE LTD	3,412,000	0.64
11	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,243,000	0.61
12	OCBC SECURITIES PRIVATE LTD	2,774,000	0.52
13	ONG PANG AIK	2,000,000	0.37
14	CHEONG SOON KIAT	1,726,000	0.32
15	TEO CHONG HOCK	1,719,000	0.32
16	DB NOMINEES (S) PTE LTD	1,576,600	0.30
17	CHUA BUAN LING ALICIA	1,190,000	0.22
18	HAN JUNE CHIN	1,000,000	0.19
19	LAU SING @ LIEW SING HUN	1,000,000	0.19
20	BOEY SHOOK FAN CAROLINE	955,000	0.18
	TOTAL:	**488,523,060**	**91.55**

STATISTICS OF SHAREHOLDINGS

Substantial shareholdings

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

	Direct Interest		Deemed Interest	
	No. of shares	% of shares	No. of shares	% of shares
Name of Shareholder				
YEAH HOLDINGS PTE. LTD. (1)	166,041,960	31.12	150,000,000	28.12
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 and deemed interested in 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 30 March 2015, 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 27 April 2015 at 10.00 a.m. to transact the following business:–

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the financial year ended 31 December 2014 and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final one-tier tax exempt dividend of 0.88 cent per share for the financial year ended 31 December 2014. **(Resolution 2)**

3. To approve the Directors' fees of S$185,000/- for the financial year ended 31 December 2014 (31 December 2013: S$86,667/-). **(Resolution 3)**

4. To re-elect Mr Yeah Hiang Nam 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 Mr. Lim Hwee Hai 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 5)**

   Mr. Lim Hwee Hai will, upon re-election as Director of the Company, remain as a member of the Audit, Nominating and Remuneration Committees and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

6. 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 6)**

AS SPECIAL BUSINESS

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

7. **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, or

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." **(Resolution 7)**
(See Explanatory Note 1)

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company Secretary

10 April 2015

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 Sreet 1, #01-121, Singapore 460213 not later than 48 hours before the time appointed for the Meeting.

Explanatory Notes:–

1. The ordinary resolution no. 7 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.

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

PROXY FORM

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.

* 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 27 April 2015 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 the Audited Financial Statements of the Company for the financial year ended 31 December 2014 and Auditors' Report thereon.		
2.	To declare a first and final one-tier tax exempt dividend of 0.88 cent per share for the financial year ended 31 December 2014.		
3.	To approve the Directors' fees of S$185,000/- for the financial year ended 31 December 2014.		
4.	To re-elect Mr Yeah Hiang Nam as a Director pursuant to Article 98 of the Company's Articles of Association.		
5.	To re-elect Mr. Lim Hwee Hai as a Director pursuant to Article 98 of the Company's Articles of Association.		
6.	To re-appoint Messrs. Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		

Dated this ________ day of __________ 2015

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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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 2012)

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