

Company Registration No. 200307530N

ValueMax Group Limited and its Subsidiaries

Condensed Interim Financial Statements
For the six-month period ended 30 June 2023

ValueMax Group Limited and its Subsidiaries

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ValueMax Group Limited and its Subsidiaries

**Condensed interim consolidated statement of comprehensive income
For the six-month period ended 30 June 2023**

| | | The Group 6 months ended 30 June | | |
|----------------------------------------------------------------------|-------------|-------------------------------------------------|---------------------------|-----------------|
| | Note | Unaudited 2023 | Unaudited 2022 | Variance |
| | | \$'000 | \$'000 | % |
| Revenue | | 151,793 | 153,440 | (1.1) |
| Cost of sales | | (106,131) | (110,990) | (4.4) |
| Gross profit | | 45,662 | 42,450 | 7.6 |
| Other item of income | | | | |
| Other operating income | | 3,383 | 3,007 | 12.5 |
| Other items of expense | | | | |
| Marketing and distribution expenses | | (1,366) | (815) | 67.6 |
| Administrative expenses | | (16,915) | (15,986) | 5.8 |
| Finance costs | | (2,895) | (1,077) | 168.8 |
| Other operating expenses | | (478) | (163) | 193.3 |
| Share of results of associates | | 2,534 | 2,610 | (2.9) |
| Profit before tax | 5 | 29,925 | 30,026 | (0.3) |
| Income tax expense | 6 | (4,471) | (4,480) | (0.2) |
| Profit for the period | | 25,454 | 25,546 | (0.4) |
| Other comprehensive income: | | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | | |
| Foreign currency translation | | (1,138) | (504) | 125.8 |
| Fair value (loss)/gain on cash flow hedges | | (111) | 302 | n.m. |
| Total comprehensive income for the period | | 24,205 | 25,344 | (4.5) |
| Profit for the period attributable to: | | | | |
| Owners of the Company | | 25,078 | 25,185 | (0.4) |
| Non-controlling interests | | 376 | 361 | 4.2 |
| | | 25,454 | 25,546 | (0.4) |
| Total comprehensive income for the period attributable to: | | | | |
| Owners of the Company | | 23,829 | 24,983 | (4.6) |
| Non-controlling interests | | 376 | 361 | 4.2 |
| | | 24,205 | 25,344 | (4.5) |

ValueMax Group Limited and its Subsidiaries

**Condensed interim statements of financial position
As at 30 June 2023**

| | Note | Group | | Company | |
|--------------------------------|------|-------------------------|-----------------------|-------------------------|-----------------------|
| | | Unaudited 30.06.2023 | Audited 31.12.2022 | Unaudited 30.06.2023 | Audited 31.12.2022 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Non-current assets | | | | | |
| Property, plant and equipment | 10 | 31,307 | 27,289 | 28 | 40 |
| Intangible assets | 11 | 310 | 310 | – | – |
| Right-of-use assets | | 9,102 | 8,242 | 68 | 82 |
| Investments in subsidiaries | | – | – | 83,433 | 80,777 |
| Investments in associates | | 29,053 | 27,823 | 1,003 | 1,002 |
| Other investment | | 688 | 688 | 688 | 688 |
| Trade and other receivables | | 141,016 | 175,321 | 1,882 | – |
| Derivative assets | | 283 | 394 | – | – |
| | | 211,759 | 240,067 | 87,102 | 82,589 |
| Current assets | | | | | |
| Inventories | | 119,238 | 98,631 | – | – |
| Trade and other receivables | | 753,734 | 658,580 | 259,547 | 247,745 |
| Prepaid operating expenses | | 2,041 | 2,107 | 82 | 51 |
| Cash and bank balances | 12 | 10,710 | 10,989 | 239 | 330 |
| | | 885,723 | 770,307 | 259,868 | 248,126 |
| Total assets | | 1,097,482 | 1,010,374 | 346,970 | 330,715 |
| Current liabilities | | | | | |
| Trade and other payables | | 3,791 | 4,490 | 12,472 | 15,131 |
| Other liabilities | | 4,744 | 6,609 | 621 | 1,345 |
| Loans and borrowings | 13 | 649,662 | 577,164 | 77,800 | 62,046 |
| Lease liabilities | | 5,017 | 4,751 | 27 | 26 |
| Income tax payable | | 8,301 | 8,201 | 1,237 | 1,404 |
| | | 671,515 | 601,215 | 92,157 | 79,952 |
| Net current assets | | 214,208 | 169,092 | 167,711 | 168,174 |
| Non-current liabilities | | | | | |
| Other payables | | 77 | 76 | – | – |
| Provisions | | 531 | 522 | – | – |
| Deferred tax liabilities | | 2,476 | 2,540 | 835 | 768 |
| Loans and borrowings | 13 | 40,313 | 33,302 | – | – |
| Lease liabilities | | 4,300 | 3,712 | 43 | 57 |
| | | 47,697 | 40,152 | 878 | 825 |
| Total liabilities | | 719,212 | 641,367 | 93,035 | 80,777 |
| Net assets | | 378,270 | 369,007 | 253,935 | 249,938 |

ValueMax Group Limited and its Subsidiaries

**Condensed interim statements of financial position
As at 30 June 2023**

| | Note | Group | | Company | |
|-----------------------------------------------------|------|-------------------------|-----------------------|-------------------------|-----------------------|
| | | Unaudited 30.06.2023 | Audited 31.12.2022 | Unaudited 30.06.2023 | Audited 31.12.2022 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Equity attributable to owners of the Company | | | | | |
| Share capital | 14 | 145,093 | 145,093 | 145,093 | 145,093 |
| Treasury shares | 14 | (26) | (26) | (26) | (26) |
| Retained earnings | | 237,148 | 226,702 | 108,868 | 104,871 |
| Other reserves | | (9,130) | (7,881) | – | – |
| | | 373,085 | 363,888 | 253,935 | 249,938 |
| Non-controlling interests | | 5,185 | 5,119 | – | – |
| Total equity | | 378,270 | 369,007 | 253,935 | 249,938 |
| Total equity and liabilities | | 1,097,482 | 1,010,374 | 346,970 | 330,715 |

ValueMax Group Limited and its Subsidiaries

**Condensed interim statements of changes in equity
For the six-month period ended 30 June 2023**

| | | Attributable to owners of the Company | | | | | | | | |
|------------------------------------------------------------------------------------------------------------|---------------|---------------------------------------|-----------------|----------------|--------------------------------------|-------------------------|-------------------|----------|---------------------------|--------------|
| Note | Share capital | Treasury shares | Capital reserve | Merger reserve | Foreign currency translation reserve | Cash flow hedge reserve | Retained earnings | Total | Non-controlling interests | Total equity |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Group 2023 | 145,093 | (26) | 2,025 | (7,599) | (2,701) | 394 | 226,702 | 363,888 | 5,119 | 369,007 |
| At 1 January 2023 | | | | | | | | | | |
| Profit for the period | – | – | – | – | – | – | 25,078 | 25,078 | 376 | 25,454 |
| <u>Other comprehensive income</u> | | | | | | | | | | |
| Foreign currency translation | – | – | – | – | (1,138) | – | – | (1,138) | – | (1,138) |
| Fair value loss on cash flow hedge | – | – | – | – | – | (111) | – | (111) | – | (111) |
| Total comprehensive income for the period | – | – | – | – | (1,138) | (111) | 25,078 | 23,829 | 376 | 24,205 |
| <u>Distributions to owners</u> | | | | | | | | | | |
| Dividends paid on ordinary shares | – | – | – | – | – | – | (14,632) | (14,632) | – | (14,632) |
| Dividends paid to non-controlling interests | – | – | – | – | – | – | – | – | (610) | (610) |
| Total distributions to owners, representing total transactions with owners in their capacity as owners | – | – | – | – | – | – | (14,632) | (14,632) | (610) | (15,242) |
| <u>Changes in ownership interests in subsidiaries</u> | | | | | | | | | | |
| Acquisition of interest in a subsidiary, representing total changes in ownership interests in subsidiaries | – | – | – | – | – | – | – | – | 300 | 300 |
| At 30 June 2023 | 145,093 | (26) | 2,025 | (7,599) | (3,839) | 283 | 237,148 | 373,085 | 5,185 | 378,270 |

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

ValueMax Group Limited and its Subsidiaries

Condensed interim statements of changes in equity
For the six-month period ended 30 June 2023

| | | Attributable to owners of the Company | | | | | | | | | |
|-----------------------------------------------------------------------------------------------------------------------------|------|---------------------------------------|-----------------|-----------------|----------------|--------------------------------------|-------------------------|-------------------|----------|---------------------------|--------------|
| | Note | Share capital | Treasury shares | Capital reserve | Merger reserve | Foreign currency translation reserve | Cash flow hedge reserve | Retained earnings | Total | Non-controlling interests | Total equity |
| | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Group | | | | | | | | | | | |
| 2022 | | | | | | | | | | | |
| At 1 January 2022 | | 133,745 | (26) | 2,025 | (7,599) | (1,243) | 12 | 195,407 | 322,321 | 5,084 | 327,405 |
| Profit for the period | | – | – | – | – | – | – | 25,185 | 25,185 | 361 | 25,546 |
| <u>Other comprehensive income</u> | | | | | | | | | | | |
| Foreign currency translation | | – | – | – | – | (504) | – | – | (504) | – | (504) |
| Fair value gain on cash flow hedge | | – | – | – | – | – | 302 | – | 302 | – | 302 |
| Total comprehensive income for the period | | – | – | – | – | (504) | 302 | 25,185 | 24,983 | 361 | 25,344 |
| <u>Contributions by and distributions to owners</u> | | | | | | | | | | | |
| Shares issued under scrip dividend scheme | 14 | 11,348 | – | – | – | – | – | – | 11,348 | – | 11,348 |
| Dividends paid on ordinary shares | 7 | – | – | – | – | – | – | (13,130) | (13,130) | – | (13,130) |
| Dividends paid to non-controlling interests | | – | – | – | – | – | – | – | – | (594) | (594) |
| Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners | | 11,348 | – | – | – | – | – | (13,130) | (1,782) | (594) | (2,376) |
| At 30 June 2022 | | 145,093 | (26) | 2,025 | (7,599) | (1,747) | 314 | 207,462 | 345,522 | 4,851 | 350,373 |

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

ValueMax Group Limited and its Subsidiaries

**Condensed interim statements of changes in equity
For the six-month period ended 30 June 2023**

| | Note | Share capital \$'000 | Treasury shares \$'000 | Retained earnings \$'000 | Total equity \$'000 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|------|----------------------------|------------------------------|--------------------------------|---------------------------|
| Company | | | | | |
| At 1 January 2023 | | 145,093 | (26) | 104,871 | 249,938 |
| Profit for the period, representing total comprehensive income for the period | | – | – | 18,629 | 18,629 |
| <u>Distributions to owners</u> | | | | | |
| Dividends paid on ordinary shares representing total distributions to owners, representing total transactions with owners in their capacity as owners | 7 | – | – | (14,632) | (14,632) |
| At 30 June 2023 | | 145,093 | (26) | 108,868 | 253,935 |
| | | | | | |
| At 1 January 2022 | | 133,745 | (26) | 95,377 | 229,096 |
| Profit for the period, representing total comprehensive income for the period | | – | – | 18,749 | 18,749 |
| <u>Contributions by and distributions to owners</u> | | | | | |
| Shares issued under scrip dividend scheme | 14 | 11,348 | – | – | 11,348 |
| Dividends paid on ordinary shares | 7 | – | – | (13,130) | (13,130) |
| Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners | | 11,348 | – | (13,130) | (1,782) |
| At 30 June 2022 | | 145,093 | (26) | 100,996 | 246,063 |

ValueMax Group Limited and its Subsidiaries

**Condensed interim consolidated statement of cash flows
For the six-month period ended 30 June 2023**

| | Group 6 months ended 30 June | |
|----------------------------------------------------------------------------------------------|---------------------------------------------|---------------------------|
| | Note | Unaudited 2023 |
| | \$'000 | \$'000 |
| Operating activities | | |
| Profit before tax | 29,925 | 30,026 |
| <u>Adjustments for:</u> | | |
| Depreciation of property, plant and equipment | 772 | 781 |
| Amortisation of intangible assets | – | 75 |
| Depreciation of right-of-use assets | 2,838 | 2,667 |
| Allowance for expected credit losses on trade receivables | 365 | 163 |
| Write-off of excess of fair value over consideration of interest acquired in a subsidiary | (30) | – |
| Interest income | (401) | (314) |
| Finance costs | 16,999 | 5,904 |
| Dividend income from other investment | (40) | (36) |
| Increase in fair value of inventories less point-of-sale costs | (784) | (124) |
| Net fair value loss on loan from an unrelated party | 29 | 33 |
| Unrealised exchange loss | 91 | 68 |
| Write-back of provision for restoration cost | (7) | – |
| Share of results of associates | (2,534) | (2,610) |
| Operating cash flows before changes in working capital | 47,223 | 36,633 |
| <u>Changes in working capital</u> | | |
| Increase in inventories | (19,824) | (14,229) |
| Increase in trade and other receivables | (53,077) | (58,893) |
| Decrease/(increase) in prepaid operating expenses | 67 | (12) |
| (Decrease)/increase in trade and other payables | (8,246) | 776 |
| Decrease in other liabilities | (2,839) | (1,996) |
| Cash flows used in operations | (36,696) | (37,721) |
| Interest received | 401 | 314 |
| Interest paid | (16,051) | (5,904) |
| Income taxes paid | (4,349) | (3,786) |
| Net cash flows used in operating activities | (56,695) | (47,097) |
| Investing activities | | |
| Purchase of property, plant and equipment | A (4,753) | (204) |
| Dividend received from associates | 75 | 75 |
| Net cash flow from acquisition of subsidiary | (659) | – |
| Dividend received from other investment | 40 | 36 |
| Net cash flows used in investing activities | (5,297) | (93) |

ValueMax Group Limited and its Subsidiaries

Condensed interim consolidated statement of cash flows
For the six-month period ended 30 June 2023

| | Note | Group 6 months ended 30 June | |
|----------------------------------------------------------------------------------|------|------------------------------------|-------------------|
| | | Unaudited 2023 | Unaudited 2022 |
| | | \$'000 | \$'000 |
| Financing activities | | | |
| Proceeds from loans and borrowings | | 198,488 | 136,785 |
| Repayment of loans and borrowings | | (126,931) | (51,919) |
| Payment of principal portion of lease liabilities | | (2,827) | (2,539) |
| Proceeds from issuance of shares to non-controlling shareholders of subsidiaries | | 300 | – |
| Dividends paid to non-controlling interests | | (610) | (594) |
| Dividends paid on ordinary shares | | (14,632) | (1,782) |
| Net cash flows from financing activities | | 53,788 | 79,951 |
| Net (decrease)/increase in cash and cash equivalents | | (8,204) | 32,761 |
| Cash and cash equivalents at beginning of the period | | 6,279 | 14,481 |
| Cash and cash equivalents at end of the period | B | (1,925) | 47,242 |

Note to the condensed interim consolidated statement of cash flows

A. Property, plant and equipment

| | Note | 6 months ended 30 June | |
|-----------------------------------------------------------------------|------|---------------------------|------------|
| | | 2023 | 2022 |
| | | \$'000 | \$'000 |
| Current year additions to property, plant and equipment | 10 | 4,769 | 232 |
| Less: Provision for restoration costs included in "Renovations" | | (16) | (28) |
| Net cash outflow for purchase of property, plant and equipment | | 4,753 | 204 |

B. Cash and cash equivalents

| | Note | 6 months ended 30 June | |
|------------------------------------------------------------|------|---------------------------|---------------|
| | | 2023 | 2022 |
| | | \$'000 | \$'000 |
| Comprise the following at the end of the reporting period: | | | |
| Cash and bank balances | 12 | 10,710 | 47,676 |
| Bank overdrafts | | (12,635) | (434) |
| Cash and cash equivalents | | (1,925) | 47,242 |

ValueMax Group Limited and its Subsidiaries

Notes to the Condensed interim financial statements For the six-month period ended 30 June 2023

1. Corporate information

ValueMax Group Limited is a limited liability company incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the Group). The immediate and ultimate holding company is Yeah Holdings Pte. Ltd., which is incorporated in Singapore.

The registered office and principal place of business of the Company is located at 261 Waterloo Street #01-35, Singapore 180261.

The principal activities of the Company are those of investment holding and provision of management services. The Group is principally engaged in the businesses of pawnbroking, moneylending, and retail and trading of gold and jewellery.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The condensed interim financial statements for the six-month period ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and financial performance since the last audited consolidated financial statements for the financial year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.2.

The condensed interim financial statements are presented in Singapore Dollars which is the Company's functional currency.

2.2 *New and amended standards adopted by the Group*

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.3 *Use of judgements and estimates*

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the financial year ended 31 December 2022.

ValueMax Group Limited and its Subsidiaries

Notes to the Condensed interim financial statements For the six-month period ended 30 June 2023

2.3 *Use of judgements and estimates (cont'd)*

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in Note 3 in the audited consolidated financial statements for the financial year ended 31 December 2022.

3. **Seasonal operations**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. **Segment and revenue 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 sold 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 services, and serves different markets.

The Group is organised into four operating business segments, namely:

- (a) Pawnbroking;
- (b) Retail and trading of jewellery and gold;
- (c) Moneylending; and
- (d) Other operations including investment holding and provision of other support services.

Allocation basis

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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.

ValueMax Group Limited and its Subsidiaries

Notes to the Condensed interim financial statements
For the six-month period ended 30 June 2023

4. Segment and revenue information (cont'd)

4.1 Reportable segments

| | Pawnbroking \$'000 | Retail and trading of jewellery and gold \$'000 | Moneylending \$'000 | Others \$'000 | Adjustments and eliminations \$'000 | Note | Group \$'000 |
|-----------------------------------------------------------|-----------------------|----------------------------------------------------|------------------------|------------------|----------------------------------------|------|-----------------|
| Period from 1 January 2023 to 30 June 2023 | | | | | | | |
| Revenue from external customers | 20,261 | 102,838 | 28,694 | – | – | | 151,793 |
| Inter-segment revenue | 18,562 | – | – | – | (18,562) | A | – |
| Results: | | | | | | | |
| Facility fee income | – | – | 1,426 | – | – | | 1,426 |
| Interest income | – | – | – | 6,340 | (5,939) | A | 401 |
| Allowance for expected credit losses on trade receivables | (146) | – | (219) | – | – | | (365) |
| Depreciation of property, plant and equipment | (245) | (96) | (14) | (417) | – | | (772) |
| Depreciation of right-of-use assets | (688) | (405) | – | (1,745) | – | | (2,838) |
| Finance costs | (6,005) | (1,129) | (13,534) | (2,270) | 5,939 | | (16,999) |
| Share of results of associates | – | – | – | 2,534 | – | | 2,534 |
| Segment profit | 6,503 | 4,931 | 14,162 | 1,795 | 2,534 | B | 29,925 |
| Income tax expense | (982) | (817) | (2,339) | (333) | – | | (4,471) |

ValueMax Group Limited and its Subsidiaries

Notes to the Condensed interim financial statements
For the six-month period ended 30 June 2023

4. Segment and revenue information (cont'd)

4.1 Reportable segments (cont'd)

| | Pawnbroking \$'000 | Retail and trading of jewellery and gold \$'000 | Moneylending \$'000 | Others \$'000 | Adjustments and eliminations \$'000 | Note | Group \$'000 |
|--------------------------------------------------------------|-----------------------|-------------------------------------------------------------|------------------------|------------------|----------------------------------------------|------|-----------------|
| Period from 1 January 2022 to 30 June 2022 | | | | | | | |
| Revenue from external customers | 16,328 | 116,740 | 20,372 | – | – | | 153,440 |
| Inter-segment revenue | 9,607 | – | – | – | (9,607) | A | – |
| Results: | | | | | | | |
| Facility fee income | – | – | 1,175 | – | – | | 1,175 |
| Interest income | – | – | – | 4,493 | (4,179) | A | 314 |
| Allowance for expected credit losses on trade receivables | (188) | – | 25 | – | – | | (163) |
| Depreciation of property, plant and equipment | (209) | (99) | (9) | (464) | – | | (781) |
| Depreciation of right-of-use assets | (629) | (392) | – | (1,646) | – | | (2,667) |
| Finance costs | (1,911) | (580) | (6,749) | (843) | 4,179 | | (5,904) |
| Share of results of associates | – | – | – | 2,610 | – | | 2,610 |
| Segment profit | 6,860 | 5,665 | 13,198 | 1,693 | 2,610 | B | 30,026 |
| Income tax expense | (963) | (973) | (2,196) | (348) | – | | (4,480) |

ValueMax Group Limited and its Subsidiaries

Notes to the Condensed interim financial statements
For the six-month period ended 30 June 2023

4. Segment and revenue information (cont'd)

4.1 Reportable segments (cont'd)

The following table presents the assets and liabilities information for the Group's operating segments as at 30 June 2023 and 31 December 2022, respectively:

| | Pawnbroking \$'000 | Retail and trading of jewellery and gold | Moneylending \$'000 | Others \$'000 | Adjustments and eliminations | Note | Group \$'000 |
|--------------------|-----------------------|------------------------------------------------|------------------------|------------------|------------------------------------|------|-----------------|
| | | \$'000 | | | \$'000 | | |
| Assets | | | | | | | |
| 30 June 2023 | 302,442 | 122,200 | 601,135 | 155,202 | (83,497) | C | 1,097,482 |
| 31 December 2022 | 270,934 | 101,761 | 571,660 | 146,595 | (80,576) | C | 1,010,374 |
| Liabilities | | | | | | | |
| 30 June 2023 | 191,525 | 50,836 | 363,827 | 100,576 | 12,448 | D | 719,212 |
| 31 December 2022 | 179,917 | 53,262 | 313,927 | 83,521 | 10,740 | D | 641,367 |

ValueMax Group Limited and its Subsidiaries

Notes to the Condensed interim financial statements For the six-month period ended 30 June 2023

4. Segment and revenue information (cont'd)

4.1 Reportable segments (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 condensed interim consolidated statement of comprehensive income:

| | Group | |
|--------------------------------|------------------------|------------------------|
| | 30 Jun 2023 | 30 Jun 2022 |
| | \$'000 | \$'000 |
| Share of results of associates | 2,534 | 2,610 |

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

| | Group | |
|----------------------|------------------------|------------------------|
| | 30 Jun 2023 | 31 Dec 2022 |
| | \$'000 | \$'000 |
| Inter-segment assets | (83,497) | (80,576) |

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

| | Group | |
|---------------------------|------------------------|------------------------|
| | 30 Jun 2023 | 31 Dec 2022 |
| | \$'000 | \$'000 |
| Deferred tax liabilities | 1,536 | 1,569 |
| Income tax payable | (421) | (22) |
| Inter-segment liabilities | 11,333 | 9,193 |
| | 12,448 | 10,740 |

ValueMax Group Limited and its Subsidiaries

Notes to the Condensed interim financial statements For the six-month period ended 30 June 2023

5. Profit before tax

5.1 Significant items

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

| | The Group 6 months ended 30 June | |
|-------------------------------------------------------------------------------------------|----------------------------------------|---------|
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| Income: | | |
| Rental income from leasehold properties | 416 | 359 |
| Interest income on loans and receivables | 401 | 314 |
| Dividend income from unquoted investments | 40 | 36 |
| Write-off of excess of fair value over consideration of interest acquired on a subsidiary | 30 | – |
| Expenses: | | |
| Interest on loans and borrowings | 16,999 | 5,904 |
| Depreciation of property, plant and equipment | 772 | 781 |
| Amortisation of intangible assets | – | 75 |
| Depreciation of right-of-use assets | 2,838 | 2,667 |
| Inventories recognised as an expense in cost of sales | 92,026 | 106,163 |
| Increase in fair value of inventories less point-of-sale costs | (784) | (124) |
| Operating lease expense | 253 | 262 |
| Net fair value loss on loan from an unrelated party | 29 | 33 |
| Foreign exchange loss, net | 123 | 70 |
| Allowance for expected credit losses on trade receivables | 365 | 163 |

ValueMax Group Limited and its Subsidiaries

Notes to the Condensed interim financial statements For the six-month period ended 30 June 2023

5. Profit before tax (cont'd)

5.2 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 period:

| | The Group | |
|---------------------------------------------------|-----------------------|---------------|
| | 6 months ended | |
| | 30 June | |
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| Sale of goods to director-related companies | 1,993 | 2,082 |
| Purchase of goods from director-related companies | 978 | 912 |
| Purchase of goods from associates | 80 | 102 |
| Rental paid to director-related companies | 300 | 295 |
| Management fee income received from associates | 166 | 300 |
| Interest received from associates | 399 | 313 |
| Dividend income from associates | 115 | 111 |
| Rental paid to a director and spouse | 38 | 37 |

The Group has sale and purchase transactions with director-related companies, wherein these companies are controlled by close family members of Mr Yeah Hiang Nam, a director of the Company. These sale and purchase transactions are based on the bid price quotation of gold, and are due and payable under normal payment terms.

ValueMax Group Limited and its Subsidiaries

Notes to the Condensed interim financial statements For the six-month period ended 30 June 2023

6. Income tax expense

Major components of income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense are:

| | The Group 6 months ended 30 June | |
|-------------------------------------------------|----------------------------------------|----------------|
| | 2023 \$'000 | 2022 \$'000 |
| Current income taxation | 4,452 | 4,450 |
| Deferred taxation | 19 | 30 |
| Income tax expense recognised in profit or loss | <u>4,471</u> | <u>4,480</u> |

7. Dividends

| | The Group 6 months ended 30 June | |
|-----------------------------------------------------------------------------------|----------------------------------------|----------------|
| | 2023 \$'000 | 2022 \$'000 |
| <i>Declared and paid during the financial period:</i> | | |
| <i>Dividends on ordinary shares:</i> | | |
| - Final exempt (one-tier) dividend for 2022: 2.00 (2021: 1.88) cents per share | 14,632 | 13,130 |

8. Net asset value

| | Group | | Company | |
|-----------------------------------------------|----------------|----------------|----------------|----------------|
| | 30 Jun 2023 | 31 Dec 2022 | 30 Jun 2023 | 31 Dec 2022 |
| Net asset value per ordinary share (cents) | 51.00 | 49.74 | 34.71 | 34.16 |

The number of ordinary shares was based on the 731,589,000 outstanding shares (excluding treasury shares) as at 30 June 2023 and 31 December 2022.

ValueMax Group Limited and its Subsidiaries

**Notes to the Condensed interim financial statements
For the six-month period ended 30 June 2023**

9. Fair value of assets and liabilities

(a) *Fair value hierarchy*

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – Inputs for the assets or liability which are not based on observable market data (unobservable inputs)

(b) *Assets and liabilities measures 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:

| | Fair value measurements at the end of the reporting period using | | | Total \$'000 |
|---------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|-------------------------------------------------------------------------------|---------------------------------------------------------|-----------------|
| | 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 | |
| Group | | | | |
| 30 June 2023 | | | | |
| Assets measured at fair value | | | | |
| Financial assets: | | | | |
| – Unquoted equity security | – | – | 688 | 688 |
| – Derivative assets | – | 283 | – | 283 |
| | – | 283 | 688 | 971 |
| Non-financial assets: | | | | |
| – Commodity inventories at fair value, representing total non-financial assets as at 30 June 2023 | 13,422 | – | – | 13,422 |
| Liabilities measured at fair value | | | | |
| Non-financial liabilities: | | | | |
| – Loan from an unrelated party, representing total non-financial liabilities as at 30 June 2023 | (1,753) | – | – | (1,753) |

ValueMax Group Limited and its Subsidiaries

Notes to the Condensed interim financial statements
For the six-month period ended 30 June 2023

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

(b) *Assets and liabilities measures at fair value*

| | Fair value measurements at the end of the reporting period using | | | Total \$'000 |
|---------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|----------------------------------------------------------------------------|------------------------------------------------------|-----------------|
| | 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 | |
| Group | | | | |
| 30 June 2022 | | | | |
| Assets measured at fair value | | | | |
| Financial assets: | | | | |
| – Derivative assets | – | 314 | – | 314 |
| – Unquoted equity security | – | – | 688 | 688 |
| | – | 314 | 688 | 1,002 |
| Non-financial assets: | | | | |
| – Commodity inventories at fair value, representing total non-financial assets as at 30 June 2022 | 6,677 | – | – | 6,677 |
| Liabilities measured at fair value | | | | |
| Non-financial liabilities: | | | | |
| – Loan from an unrelated party, representing total non-financial liabilities as at 30 June 2022 | (1,775) | – | – | (1,775) |

10. Property, plant and equipment

During the six-month period ended 30 June 2023, the Group acquired assets amounting to \$4,769,000 (12-month period ended 31 December 2022: \$509,000).

ValueMax Group Limited and its Subsidiaries

Notes to the Condensed interim financial statements
For the six-month period ended 30 June 2023

11. Intangible assets

| | Money lending licence \$'000 | Group Lease assignment fee \$'000 | Total \$'000 |
|---------------------------------------------------------|------------------------------------|--------------------------------------------|-----------------|
| Cost | | | |
| At 1 January 2022, 31 December 2022 and 30 June 2023 | 310 | 665 | 975 |
| Accumulated amortisation | | | |
| At 1 January 2022 | – | 540 | 540 |
| Charge for the year | – | 125 | 125 |
| At 31 December 2022 and 30 June 2023 | – | 665 | 665 |
| Net carrying amount | | | |
| At 31 December 2022 | 310 | – | 310 |
| At 30 June 2023 | 310 | – | 310 |

Moneylending licence

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 in 2014 and VM Money Pte Ltd (formerly known as Hersing Credit Pte Ltd) in 2021.

Impairment testing of moneylending licence

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

In the Group's impairment assessment, management has considered the profitability and solvency of the underlying business unit to which the moneylending licence is attributable to.

12. Cash and bank balances

| | Group | | Company | |
|---------------------------|-----------|------------|-----------|------------|
| | 30.6.2023 | 31.12.2022 | 30.6.2023 | 31.12.2022 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash at banks and on hand | 10,710 | 10,989 | 239 | 330 |

Cash at banks do not earn interest.

Cash and bank balances denominated in foreign currencies as at 30 June 2023 and 31 December 2022 are not material to the financial statements.

12. Cash and bank balances (cont'd)

ValueMax Group Limited and its Subsidiaries

**Notes to the Condensed interim financial statements
For the six-month period ended 30 June 2023**

Cash and cash equivalents

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.

13. Loans and borrowings

| | Group | | Company | |
|------------------------------------------|------------------------|------------------------|------------------------|------------------------|
| | 30 Jun 2023 | 31 Dec 2022 | 30 Jun 2023 | 31 Dec 2022 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Current | | | | |
| Secured | 561,974 | 505,915 | – | – |
| Unsecured | 87,688 | 71,249 | 77,800 | 62,046 |
| | 649,662 | 577,164 | 77,800 | 62,046 |
| Non-current | | | | |
| Secured | 37,132 | 29,180 | – | – |
| Unsecured | 3,181 | 4,122 | – | – |
| | 40,313 | 33,302 | – | – |
| Total current and non-current borrowings | 689,975 | 610,466 | 77,800 | 62,046 |

The bank loans are secured by a fixed and floating charge on all the assets of certain subsidiaries, corporate guarantees by the Company and personal guarantees by certain directors of a subsidiary.

14. Share capital

| Group and Company | No. of ordinary shares | | Amount | |
|--------------------------------------------|-------------------------------------|----------------------------|--------------------------|----------------------------|
| | Issued share capital | Treasury shares | Share capital | Treasury shares |
| | '000 | '000 | \$'000 | \$'000 |
| Balance at 1 January 2023 and 30 June 2023 | 731,689 | (100) | 145,093 | (26) |
| Balance at 1 January 2022 | 698,507 | (100) | 133,745 | (26) |
| Shares issued under scrip dividend scheme | 33,182 | – | 11,348 | – |
| Balance at 31 December 2022 | 731,689 | (100) | 145,093 | (26) |

ValueMax Group Limited and its Subsidiaries

Notes to the Condensed interim financial statements For the six-month period ended 30 June 2023

14. Share capital (cont'd)

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

On 28 June 2022, the Company issued 33,182,000 ordinary shares under the Company's scrip dividend scheme.

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2023 and 31 December 2022.

15. Earnings per share

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

| | The Group 6 months ended 30 June | |
|--------------------------------------------------------------------------------------------------------|-------------------------------------------------|-------------|
| | 2023 | 2022 |
| Profit for the financial period attributable to owners of the Company (\$'000) | 25,078 | 25,185 |
| Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000) | 731,589 | 698,957 |
| Basic and diluted earnings per share (cents) | 3.43 | 3.60 |

The diluted earnings per share is the same as the basic earnings per share as there were no outstanding convertible securities for the financial periods ended 30 June 2023 and 2022.

16. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

ValueMax Group Limited and its Subsidiaries

Other information

For the six-month period ended 30 June 2023

1. Review

The condensed interim consolidated financial statements of the Group and the condensed interim statement of financial position and condensed interim statement of changes in equity of the Company as of and for the six-month period ended 30 June 2023 and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Revenue

The Group's revenue decreased from \$153.4 million in 1H2022 to \$151.8 million in 1H2023. The revenue decreased due to the decline in the revenue from retail and trading of pre-owned jewellery and gold business of \$13.9 million. This was partly offset by the increases in revenue from pawnbroking and moneylending businesses of \$4.0 million and \$8.3 million, respectively.

Cost of sales

The Group's cost of sales decreased from \$111.0 million in 1H2022 to \$106.1 million in 1H2023. Cost of goods sold for retail and trading of pre-owned jewellery and gold business decreased by \$14.1 million in line with the decrease in revenue. Meanwhile, cost of sales for pawnbroking and moneylending businesses increased by \$3.8 million and \$5.4 million respectively mainly due to higher interest rates in 1H2023 compared to the same period last year.

Gross profit

Overall gross profit increased by \$3.2 million in 1H2023 compared with 1H2022. Gross profit margin increased from 27.7% to 30.1%.

Other operating income

Other operating income increased by \$0.4 million in 1H2023 compared with the same period last year mainly due to increase in facility fees income and interest income on loans and receivables of \$0.3 million and \$0.1 million respectively.

Marketing and distribution expenses

Marketing and distribution expenses comprise mainly commission expenses, labour charges, licences, packaging and repair and reconditioning expenses. The increase in marketing and distribution expenses from \$0.8 million in 1H2022 to \$1.4 million in 1H2023 was mainly due to the increase in commission expense and labour charges of \$0.4 million and \$0.1 million respectively.

Administrative expenses

Administrative expenses comprise mainly employee benefits expense, rental expenses, depreciation expenses, legal and professional fees and insurance premiums. The increase in administrative expenses from \$16.0 million in 1H2022 to \$16.9 million in 1H2023 was mainly due to the increase in employee benefits expense of \$0.9 million.

Other operating expense

The increase in other operating expenses from \$0.2 million in 1H2022 to \$0.5 million in 1H2023 was mainly due to the increase in allowance for doubtful trade receivables and net foreign exchange loss of \$0.2 million and \$0.1 million respectively.

ValueMax Group Limited and its Subsidiaries

Other information

For the six-month period ended 30 June 2023

Share of results of associates

The Group's share of results of associates remained fairly constant in both financial periods.

Profit before tax

As a result of the above, there was no material variance in the profit before tax in both financial periods.

Income tax expense

Income tax expense remained fairly constant in both financial periods.

Review of the Group's Financial Position

Non-current assets decreased by \$28.3 million from \$240.1 million as at 31 December 2022 to \$211.8 million as at 30 June 2023. The decrease was mainly due to the decline in trade and other receivables of \$34.3 million. This was partially offset by increases in property, plant and equipment, right-of-use assets and investment in associates of \$4.0 million, \$0.8 million and \$1.2 million respectively.

Current assets increased by \$115.4 million from \$770.3 million as at 31 December 2022 to \$885.7 million as at 30 June 2023. This was mainly due to the increases in inventories and trade and other receivables of \$20.6 million and \$95.2 million respectively. This was partially offset by the decrease in prepaid operating expenses and cash and bank balances of \$0.1 million and \$0.3 million respectively.

Current liabilities increased by \$70.3 million from \$601.2 million as at 31 December 2022 to \$671.5 million as at 30 June 2023 as a result of the increases in lease liabilities, income tax payable and loans and borrowings of \$0.3 million, \$0.1 million and \$72.5 million respectively. These were partially offset by the decreases in trade and other payables and other liabilities of \$0.7 million and \$1.9 million respectively.

Non-current liabilities increased by \$7.5 million from \$40.2 million as at 31 December 2022 to \$47.7 million as at 30 June 2023 mainly due to the increase in loans and borrowings and lease liabilities of \$7.0 million and \$0.5 million respectively.

Equity comprises share capital, treasury shares, retained earnings, capital reserve, merger reserve, foreign currency translation reserve, cash flow hedge reserve and non-controlling interests. Equity attributable to owners of the Company increased from \$363.9 million as at 31 December 2022 to \$373.1 million as at 30 June 2023 mainly due to the increase in retained earnings.

Review of the Group's Cash Flows

In 1H2023, the net cash used in operating activities was \$56.7 million. This comprises operating cash flows before working capital adjustments of \$47.2 million, adjusted by net working capital outflow of \$83.9 million. In 1H2023, the Group received interest income of \$0.4 million, with net income tax paid of \$4.3 million and interest expense paid of \$16.1 million. The net working capital outflow was a result of the increases in inventories and trade and other receivables of \$19.9 million and \$53.1 million respectively. In addition, there were decreases in trade and other payables and other liabilities of \$8.2 million and \$2.8 million respectively. These were partially offset by a decrease in prepaid operating expenses of \$0.1 million.

ValueMax Group Limited and its Subsidiaries

Other information

For the six-month period ended 30 June 2023

The net cash flows used in investing activities was \$5.3 million in 1H2023 comprising the purchase of property, plant and equipment and net cash flow from acquisition of a subsidiary of \$4.8 million and \$0.7 million respectively. These were partially offset by dividend received of \$0.1 million.

The net cash generated from financing activities in 1H2023 amounted to \$53.8 million comprising the net proceeds from loans and borrowings of \$71.6 million and proceeds from issuance of shares to non-controlling shareholders of subsidiaries of \$0.3 million. These were partially offset by the payment of principal portion of lease liabilities of \$2.9 million and payment of dividends of \$15.2 million.

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

There is no material variance from the prospects disclosed in paragraph 4 of the Group's previous results announcement.

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

Gold price rose from around USD 1,840 per ounce at the beginning of March to above USD 2,050 per ounce in early May, before falling to below USD 1,980 per ounce since. Though the expectation is a slower rise in interest rates, however given the rising geopolitical tensions, gold price may continue to remain volatile. The Group continues to face a challenging business environment and increased competition.

The Group will continue to explore acquisition opportunities and suitable locations to grow its network of pawnshops and retail outlets, and grow its moneylending business. In addition, the Group's Malaysian associated companies are in the process of restructuring with a view towards preparation for potential fund raising and/or capital market opportunities, subject to macro-economic and market conditions. The Group will make appropriate announcement as and when there are material developments.

ValueMax Group Limited and its Subsidiaries

Other information

For the six-month period ended 30 June 2023

5. Dividend Information

5a. Current Financial Period Reported on

Any dividend recommended for the current financial period reported on?

No.

5b. Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

5c. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision

No dividend has been declared for the six-month period ended 30 June 2023 as it is the Company's policy to consider declaring a final dividend after the end of the financial year.

6. Interested person transactions

The Group has a general mandate from shareholders of the Company for interested person transactions which was renewed in the Annual General Meeting held on 26 April 2022. During the financial period under review, the following interested persons transactions were entered into by the Group:

Aggregate value of interested person transactions above \$100,000 conducted under the shareholders' mandate during the financial period under review:

| | 1H2023 | 1H2022 |
|-----------------------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Sales of goods to director-related companies | | |
| - Cantik Jewellery | 599 | 850 |
| - Hwa Goldsmith and Jewellers | 68 | 301 |
| - Lucky Jewellery | 287 | 725 |
| - Mei Zhi Jewellery | – | 167 |
| Rental paid to director-related company | | |
| - Yeah Properties Pte Ltd | 174 | 170 |

Aggregate value of interested person transactions above \$100,000, excluding transactions conducted under the shareholders' mandate, during the financial period under review:

| | 1H2023 | 1H2022 |
|--------------------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Interest paid/payable on Commercial Paper | | |
| - Tan Hong Yee | 516 | 57 |

ValueMax Group Limited and its Subsidiaries

Other information

For the six-month period ended 30 June 2023

7. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

8. Negative confirmation pursuant to Rule 705(5)

The board of Directors of the Company (the "Board") confirms that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited condensed interim financial statements for the six-month period ended 30 June 2023 to be false or misleading in any material respects.

For and on behalf of the Board

Yeah Hiang Nam
Executive Chairman

Yeah Chia Kai
Chief Executive Officer