



Well Chip Group Berhad

(Registration No. 202301014119 (1508041-A))

(Incorporated in Malaysia)

Unaudited Interim Financial Report For The Second Quarter Ended 30 June 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	Note	Unaudited as at 30.06.2024 RM'000	Audited as at 31.12.2023 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		6,916	7,585
Right-of-use assets		23,519	22,484
Goodwill		425	425
Total non-current assets		30,860	30,494
CURRENT ASSETS			
Inventories		27,934	32,097
Trade and other receivables		455,918	420,470
Current tax assets		426	299
Cash and bank balances		11,550	12,466
Total current assets		495,828	465,332
TOTAL ASSETS		526,688	495,826
EQUITY AND LIABILITIES			
EQUITY			
Share capital		171,647	-
Invested equity		-	27,683
Reorganisation deficit		(143,964)	-
Retained profits		201,870	175,694
TOTAL EQUITY		229,553	203,377
NON-CURRENT LIABILITIES			
Lease liabilities		16,606	15,604
Loans and borrowings	B9	3,783	3,831
Deferred tax liabilities		58	58
Total non-current liabilities		20,447	19,493
CURRENT LIABILITIES			
Lease liabilities		2,207	2,110
Loans and borrowings	B9	200,229	188,665
Other payables		68,647	79,911
Current tax liabilities		5,605	2,270
Total current liabilities		276,688	272,956
TOTAL LIABILITIES		297,135	292,449
TOTAL EQUITY AND LIABILITIES		526,688	495,826
Net assets per share ⁽²⁾ (RM)		0.51	0.45



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾ (Cont'd)

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of Well Chip Group Berhad dated 26 June 2024 and the accompanying explanatory notes attached in this interim financial report.
- (2) Computed based on total equity of Well Chip Group Berhad divided by a total number of 450,000,000 Shares after the Pre-IPO restructuring exercise as disclosed in the Prospectus of Well Chip Group Berhad dated 26 June 2024 which was completed on 20 May 2024 but before the completion of the Initial Public Offering ("IPO") of the Company.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME⁽¹⁾

	Individual quarter		Cumulative quarter	
	Current period quarter	Preceding year corresponding quarter	Current period-to-date	Preceding year corresponding period-to-date
	30.06.2024 RM'000	30.06.2023 ⁽²⁾ RM'000	30.06.2024 RM'000	30.06.2023 ⁽²⁾ RM'000
Revenue	63,920	N/A	118,744	N/A
Cost of sales	(35,582)	N/A	(67,099)	N/A
Gross profit	28,338	N/A	51,645	N/A
Other income	105	N/A	181	N/A
Administrative expenses	(8,107)	N/A	(14,818)	N/A
Finance costs	(101)	N/A	(205)	N/A
Profit before taxation	20,235	N/A	36,803	N/A
Taxation	(5,955)	N/A	(10,627)	N/A
Net profit and total comprehensive income for the financial period	14,280	N/A	26,176	N/A
Basic earnings per ordinary share (" Basic EPS ") ⁽³⁾ (sen)	3.2	N/A	5.8	N/A
Diluted earnings per ordinary share (" Diluted EPS ") ⁽⁴⁾ (sen)	2.4	N/A	4.4	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME⁽¹⁾ (Cont'd)

Notes:

N/A means “Not applicable”.

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus of Well Chip Group Berhad dated 26 June 2024 and the accompanying explanatory notes attached in this interim financial report.
- (2) This is the second interim financial report for the second quarter ended 30 June 2024 being announced in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”). There are no comparative figures for the preceding corresponding quarter as no interim financial report was prepared for the comparative period concerned.
- (3) Basic EPS computed based on profit attributable to owners of Well Chip Group Berhad divided by a total number of 450,000,000 Shares after the Pre-IPO restructuring as disclosed in the Prospectus of Well Chip Group Berhad dated 26 June 2024 which was completed on 20 May 2024 but before the completion of the IPO of the Company.
- (4) Diluted EPS is computed based on the profit attributable to owners of Well Chip Group Berhad divided by the enlarged total number of 600,000,000 Shares after the IPO on 23 July 2024.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾⁽²⁾

	← Attributable to Owners of the Company →				
	Share capital RM'000	Invested equity RM'000	Reorganisation deficit RM'000	Retained profits RM'000	Total equity RM'000
Balance at 1 January 2024	-	27,683	-	175,694	203,377
Issuance of shares pursuant to acquisition of subsidiaries	171,647	(27,683)	(143,964)	-	-
Total comprehensive income for the financial period	-	-	-	26,176	26,176
Balance as at 30 June 2024 (Unaudited)	171,647	-	(143,964)	201,870	229,553

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of Well Chip Group Berhad dated 26 June 2024 and the accompanying explanatory notes attached in this interim financial report.
- (2) This is the second interim financial report for the second quarter ended 30 June 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter as no interim financial report was prepared for the comparative period concerned.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾

	Current period-to-date Unaudited 30.06.2024 RM'000	Cumulative quarter Preceding year corresponding period-to-date Unaudited 30.06.2023⁽²⁾ RM'000
Cash flows from operating activities		
Profit before taxation:	36,803	N/A
Adjustments for:		
Depreciation of:		
- Property, plant and equipment	1,043	N/A
- Right-of-use assets	1,156	N/A
Interest expenses	8,028	N/A
Gain on disposal of property, plant and equipment	*	N/A
Inventories written off	4	N/A
Pledged receivables written off	1	N/A
Property, plant and equipment written off	2	N/A
Operating profit before working capital changes	47,037	N/A
Changes in working capital:		
Decrease in inventories	4,159	N/A
Increase in trade and other receivables	(35,450)	N/A
Decrease in other payables	(1,043)	N/A
	(32,334)	N/A
Cash generated from operations	14,703	N/A
Interest paid	(7,823)	N/A
Tax paid	(7,419)	N/A
Net cash used in operating activities	(539)	N/A
Cash flows from investing activities		
Purchase of property, plant and equipment	(391)	N/A
Proceeds from disposal of property, plant and equipment	16	N/A
Net cash used in investing activities	(375)	N/A
Cash flows from financing activities		
Movement of loans and borrowings	3,854	N/A
Movement of loans from related parties, shareholders, and directors	(10,221)	N/A
Payment of lease liabilities	(1,092)	N/A
Interest paid	(205)	N/A
Net cash used in financing activities	(7,664)	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾ (Cont'd)

	Cumulative quarter	
	Current period-to-date 30.06.2024 Unaudited RM'000	Preceding year corresponding period-to-date 30.06.2023 ⁽²⁾ Unaudited RM'000
NET DECREASE OF CASH AND CASH EQUIVALENTS	(8,578)	N/A
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	<u>(9,478)</u>	<u>N/A</u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u><u>(18,056)</u></u>	<u><u>N/A</u></u>

Notes:

* means amount is less than RM1,000.

N/A means "Not applicable".

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of Well Chip Group Berhad dated 26 June 2024 and the accompanying explanatory notes attached in this interim financial report.
- (2) This is the second interim financial report for the second quarter ended 30 June 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter as no interim financial report was prepared for the comparative period concerned.

A. Cash and cash equivalents

Cash and cash equivalents included in the unaudited condensed consolidated statement of cash flows comprise the following amount from unaudited condensed consolidated statement of financial position:

	30.06.2024 Unaudited RM'000	30.06.2023 Unaudited RM'000
Cash and bank balances	11,550	N/A
Less: Bank overdraft	<u>(29,606)</u>	<u>N/A</u>
	<u><u>(18,056)</u></u>	<u><u>N/A</u></u>

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024

A1. Basis of preparation

These condensed consolidated interim financial statements of Well Chip Group Berhad (“**Well Chip**” or “**the Company**”) and its subsidiaries (“**Well Chip Group**” or “**the Group**”) are unaudited and have been prepared in accordance with the paragraph 9.22 and Appendix 9B of the Listing Requirements, requirements of the Malaysian Financial Reporting Standards (“**MFRS**”) 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and International Financial Reporting Standards.

This is the second interim financial report for the second quarter ended 30 June 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter as no interim financial report was prepared for the comparative period concerned as Well Chip Group Berhad was listed on the Main Market of Bursa Malaysia Securities Berhad on 23 July 2024.

These condensed consolidated interim financial statements do not include all the information required for a full annual financial statement and should be read in conjunction with the Accountants’ Report as included in the Prospectus of the Company dated 26 June 2024 (“**Prospectus**”) and the accompanying notes attached to these condensed consolidated interim financial statements. The notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of Well Chip Group for the individual and cumulative quarter presented.

A2. Significant accounting policies

The accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the preparation of the Accountant’s Report as disclosed in the Prospectus dated 26 June 2024, save for the following:

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

The adoption of the above-mentioned amendments to MFRSs has no material impact on the Group’s consolidated financial statements.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group’s financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective in the respective financial periods.

Effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

Effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9 *Financial Instruments* and MFRS 7 *Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments*

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024 (Cont'd)

A2. Significant accounting policies (cont'd)

Effective for annual periods beginning on or after 1 January 2027

- MFRS 18 *Presentation and Disclosure in Financial Statements*
- MFRS 19 *Subsidiaries without Public Accountability: Disclosures*

Effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The initial applications of amendments to MFRSs are not expected to have any significant impact on the interim financial statements of the Group upon their initial application.

A3. Auditors' Report

There was no qualification on the audited consolidated financial statements of the Group for the financial year ended 31 December 2023.

A4. Seasonal or Cyclical Factors

The operations of the Group are not subject to any seasonal trends or cyclical fluctuations during the current financial quarter. However, prior to festive period, the Group may experience an increase in the number of redemptions of pledges from customers, followed by an increase in the number of pawn loans disbursed after the corresponding festive period.

A5. Material Unusual Items

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows of the Group, during the current financial quarter.

A6. Material changes in Estimates

There were no material changes in estimates which have a material effect on the results for the current financial quarter.

A7. Debt and Equity Securities

Save as disclosed in A11 to this announcement, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter.

A8. Dividends

There was no dividend declared or paid during the current financial quarter.

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024 (Cont'd)

A9. Segmental Reporting

The Group organised its activities principally into 2 reportable business segments:

Business segment	Product and services
Pawnbroking services	<ul style="list-style-type: none"> Provision of pawn loans in exchange for pledges such as gold, jewellery and watches
Retail and trading of jewellery and gold	<ul style="list-style-type: none"> Retail sale of new and pre-owned jewellery and gold Sale of scrap gold acquired from unredeemed and bid pledges, and pre-owned jewellery and gold from walk-in individuals

The segmental revenue and profits for the current financial quarter ended 30 June 2024 are as follows:

	Pawnbroking RM'000	Sales of jewellery and gold RM'000	Adjustments and eliminations RM'000	Total RM'000
30 June 2024				
Revenue:				
Revenue from external customers	22,485	41,435	-	63,920
Inter-segment revenue	22,552	-	(22,552)	-
Segment profit	18,610	9,728	-	28,338
Other income				105
Administrative expenses				(8,107)
Finance costs				(101)
Taxation				(5,955)
Profit for the financial period				14,280
Results				
Included in the measure of segment profits:				
Employee benefit expenses				4,130
Depreciation				
- Property, plant and equipment				538
- Right-of-use assets				580

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024 (Cont'd)

A9. Segmental Reporting (cont'd)

The segmental revenue and profits for period-to-date ended 30 June 2024 are as follows:

	Pawnbroking RM'000	Sales of jewellery and gold RM'000	Adjustments and eliminations RM'000	Total RM'000
30 June 2024				
Revenue:				
Revenue from external customers	43,443	75,301	-	118,744
Inter-segment revenue	50,877	-	(50,877)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Segment profit	35,620	16,025	-	51,645
Other income				181
Administrative expenses				(14,818)
Finance costs				(205)
Taxation				(10,627)
Profit for the financial period-to-date				<hr/> <hr/> 26,176
Results				
Included in the measure of segment profits:				
Employee benefit expenses				7,903
Depreciation				
- Property, plant and equipment				1,043
- Right-of-use assets				<hr/> <hr/> 1,156

A10. Material Events Subsequent to the End of the Current Quarter

Saved as disclosed below, there were no other material events subsequent to the end of the current quarter that have not been reflected in this interim financial report.

On 23 July 2024, the enlarged share capital of the Company of RM344.15 million comprising 600,000,000 Shares was listed on the Main Market of Bursa Securities ("Listing").

A11. Changes in the Group composition

On 20 May 2024, the Company had completed the conditional share sale agreement with the shareholders of SYT Pavilion Sdn Bhd, Thye Shing Pawnshop Sdn Bhd, Kedai Pajak Well Chip Sdn Bhd and Kedai Emas Well Chip Sdn Bhd and acquired the entire equity interest of SYT Pavilion Sdn Bhd, Thye Shing Pawnshop Sdn Bhd, Kedai Pajak Well Chip Sdn Bhd and Kedai Emas Well Chip Sdn Bhd (collectively, the "Target companies") at a total purchase consideration of RM171,646,607 which was wholly satisfied via the issuance of 449,999,999 new shares at an issue price at approximately RM0.381 per share. These Target companies have since become Well Chip Group Berhad's wholly owned subsidiaries.

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024 (Cont'd)

A12. Contingent Assets and Contingent Liabilities

There were no contingent assets and liabilities for the Group as at the end of the current financial quarter.

A13. Material Capital Commitments

The Group does not have material capital commitments as at 30 June 2024.

A14. Significant Related Party Transactions

The significant related party transactions of the Group during the current quarter are shown below:

	Individual quarter		Cumulative quarter	
	Current year quarter Unaudited 30.06.2024 RM'000	Preceding year corresponding quarter Unaudited 30.06.2023 ⁽¹⁾ RM'000	Current period-to-date Unaudited 30.06.2024 RM'000	Preceding year corresponding period-to-date Unaudited 30.06.2023 ⁽¹⁾ RM'000
Related parties				
- Loan interest charged	677	N/A	1,379	N/A
- Rental income	(6)	N/A	(11)	N/A
- Rental expense	72	N/A	143	N/A
Shareholders				
- Loan interest charged	268	N/A	592	N/A
- Rental expense	43	N/A	87	N/A
- Retail sales of jewellery and gold	(97)	N/A	(97)	N/A
Directors				
- Loan interest charged	226	N/A	463	N/A
- Rental expense	53	N/A	106	N/A
- Retail sales of jewellery and gold	-	N/A	(5)	N/A

Note:

N/A means "Not applicable".

(1) This is the second interim financial report for the second quarter ended 30 June 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter as no interim financial report was prepared for the comparative period concerned.

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024

A15. Derivatives

There were no derivatives transacted in the current financial quarter.

A16. Fair Value of Financial Liabilities

There were no gains or losses arising from fair value changes of the Group's financial liabilities for the current quarter.

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PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance

Current and Cumulative Quarter ended 30 June 2024 (“Q2, 2024”)

	Individual quarter		Cumulative quarter	
	Current year quarter Unaudited 30.06.2024 RM'000	Preceding year corresponding quarter Unaudited 30.06.2023 ⁽¹⁾ RM'000	Current period-to-date Unaudited 30.06.2024 RM'000	Preceding year corresponding period-to-date Unaudited 30.06.2023 ⁽¹⁾ RM'000
Revenue	63,920	N/A	118,744	N/A
Gross profit	28,338	N/A	51,645	N/A
Profit before taxation	20,235	N/A	36,803	N/A

Note:

N/A means “Not applicable”.

(1) This is the second interim financial report for the second quarter ended 30 June 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter as no interim financial report was prepared for the comparative period concerned.

The Group recorded a revenue of RM63.92 million in current financial quarter ended 30 June 2024, of which RM22.48 million or approximately 35.2% was derived from its pawnbroking services segment and RM41.44 million or approximately 64.8% was derived from its retail and trading of jewellery and gold segment.

The Group recorded gross profit of RM28.34 million with gross profit margin of approximately 44.3%, as well as profit before taxation of RM20.24 million with profit before taxation margin of approximately 31.7%.

B2. Comparison with the Immediate Preceding Quarter Result

The Group’s performance for current quarter ended 30 June 2024 compared to the immediate preceding quarter ended 31 March 2024 are tabled below:-

	Current quarter ended 30 June 2024 (“Q2 2024”) RM'000	Immediate preceding quarter ended 31 March 2024 (“Q1 2024”) RM'000	Changes %
Revenue	63,920	54,824	16.6
Gross profit	28,338	23,307	21.6
Profit before taxation	20,235	16,568	22.1

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B2. Comparison with the Immediate Preceding Quarter Result (cont'd)

The Group's revenue for the current quarter increased by RM9.10 million or 16.6% to RM63.92 million as compared to RM54.82 million recorded in immediate preceding quarter, mainly due to higher sales volume of scrap gold from retail and trading of jewellery and gold segment.

Consequently, the Group's gross profit and profit before taxation in Q2 2024 increased by RM5.0 million or 21.6% and RM3.67 million or 22.1% respectively were in tandem with increase of revenue.

B3. Prospects

The Group plans to continue expanding its network of pawnshops in Johor and at the same time penetrate new geographical markets within Peninsular Malaysia. By expanding its network, the Group would be able to increase its market presence and serve a wider customer base, allowing the Group to further improve its financial performance in the future.

The Group targets to open 5 new pawnshops in Johor and 2 new pawnshops in Melaka within 24 months from its Listing date of 23 July 2024, subject to the issuance of pawnbroking licences for the new pawnshops.

The Group expects to commence operations of its 7 new pawnshops within 24 months upon receipt of the proceeds raised from the IPO. The expected timeline from the receipt of approval-in-principle for the pawnbroking licence to completion of renovation, issuance of pawnbroking licence by the Ministry of Housing and Local Government and commencement of business for the new pawnshops ranges approximately from 6 to 9 months.

B4. Profit Forecast or Profit Guarantee

The Group did not issue any profit forecast or profit guarantee in any public document during the current financial quarter.

B5. Profit Before Taxation

Profit before tax is arrived at after charging:

	Individual quarter		Cumulative quarter	
	Current year quarter Unaudited 30.06.2024 RM'000	Preceding year corresponding quarter Unaudited 30.06.2023 ⁽¹⁾ RM'000	Current period-to-date Unaudited 30.06.2024 RM'000	Preceding year corresponding period-to-date Unaudited 30.06.2023 ⁽¹⁾ RM'000
Depreciation of:				
- Property, plant and equipment	538	N/A	1,043	N/A
- Right-of-use assets	580	N/A	1,156	N/A

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B5. Profit Before Taxation (cont'd)

Profit before taxation is arrived at after charging:

	Individual quarter		Cumulative quarter	
	Current year quarter Unaudited 30.06.2024 RM'000	Preceding year corresponding quarter Unaudited 30.06.2023 ⁽¹⁾ RM'000	Current period-to-date Unaudited 30.06.2024 RM'000	Preceding year corresponding period-to-date Unaudited 30.06.2023 ⁽¹⁾ RM'000
Interest expense on:				
- Term loans	44	N/A	85	N/A
- Bank overdrafts	386	N/A	772	N/A
- Revolving credits	2,316	N/A	4,616	N/A
- Loan from shareholders, directors and related parties	1,172	N/A	2,435	N/A
- Lease liabilities	57	N/A	120	N/A
Provision for pledged receivables written off	1	N/A	1	N/A
Provision for inventories written off	4	N/A	4	N/A
Gain on disposal of property, plant and equipment	*	N/A	*	N/A
Loss/(Gain) on foreign exchange				
- Realised	19	N/A	19	N/A
- Unrealised	(115)	N/A	(14)	N/A

Notes:

* means amount is less than RM1,000.

N/A means "Not applicable".

(1) This is the second interim financial report for the second quarter ended 30 June 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter as no interim financial report was prepared for the comparative period concerned.

Save as disclosed above, the other disclosure items pursuant to Paragraph 16 of Appendix 9B of the Listing Requirements are not applicable.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B6. Taxation

	Individual quarter		Cumulative quarter	
	Current year quarter Unaudited 30.06.2024 RM'000	Preceding year corresponding quarter Unaudited 30.06.2023 ⁽¹⁾ RM'000	Current period-to-date Unaudited 30.06.2024 RM'000	Preceding year corresponding period-to-date Unaudited 30.06.2023 ⁽¹⁾ RM'000
Current tax expense	5,955	N/A	10,627	N/A
Effective tax rate (%)	29.4	N/A	28.9	N/A
Statutory tax rate (%)	24.0	N/A	24.0	N/A

Note:

N/A means "Not applicable".

(1) This is the second interim financial report for the second quarter ended 30 June 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter as no interim financial report was prepared for the comparative period concerned.

The effective tax rate of the Group was 29.4% for the current financial quarter. It was higher than the statutory tax rate of 24.0% mainly due to certain non-allowable expenses.

B7. Status of Corporate Proposal

Saved as disclosed, there was no other corporate proposals announced by Well Chip Group Berhad but not completed as at the date of this interim financial report.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B8. Utilisation of Proceeds from the Public Issue

The utilisation of proceeds from the Public Issue amounting to RM172.5 million as of 6 August 2024 is as follows:

Details of use of proceeds	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance to be utilised RM'000	Estimated timeframe for use from the date of Listing
Cash Capital for the existing 23 pawnshops	124,300	-	124,300	Within 24 months
Expansion of pawnshops	40,000	-	40,000	Within 24 months
Estimated listing expenses	8,200	7,472	728	Immediate
Total	172,500	7,472	165,028	

The use of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 26 June 2024.

The Company was listed on the Main Market of Bursa Securities on 23 July 2024.

B9. Loans and borrowings

The Group's borrowings as at 30 June 2024 are as follows:

	Unaudited as at 30.06.2024 RM'000	Audited as at 31.12.2023 RM'000
Non-current		
Secured		
Term loans	3,783	3,831
	<u>3,783</u>	<u>3,831</u>
Current		
Secured		
Term loans	123	121
Bank overdrafts	29,606	21,944
Revolving credit	170,500	166,600
	<u>200,229</u>	<u>188,665</u>
Total Group borrowings	<u><u>204,012</u></u>	<u><u>192,496</u></u>

All the borrowings are denominated in Ringgit Malaysia.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B10. Material Litigation

As of the date of this interim financial report, the Group is not engaged in any governmental, legal or arbitration proceedings which may have or have had, material or significant effects on the Group's financial position or profitability.

B11. Proposed dividend

No dividend has been proposed or declared by the Board of Directors of Well Chip Group Berhad during the current financial quarter.

B12. Basic and Diluted Earnings per Share ("EPS")

The basic and diluted EPS for the current quarter is computed as below:

	Individual quarter		Cumulative quarter	
	Current year quarter Unaudited 30.06.2024	Preceding year corresponding quarter Unaudited 30.06.2023 ⁽¹⁾	Current period-to-date Unaudited 30.06.2024	Preceding year corresponding period-to-date Unaudited 30.06.2023 ⁽¹⁾
Profit attributable to owners of the Group (RM'000)	14,280	N/A	26,176	N/A
Number of ordinary shares in issue ('000)	450,000	N/A	450,000	N/A
Number of diluted shares in issue ('000)	600,000	N/A	600,000	N/A
Basic EPS (sen) ⁽²⁾	3.2	N/A	5.8	N/A
Diluted EPS (sen) ⁽³⁾	2.4	N/A	4.4	N/A

Notes:

N/A means "Not applicable".

- (1) This is the second interim financial report for the second quarter ended 30 June 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and period as no interim financial report are prepared for the comparative period concerned.
- (2) Basic EPS computed based on profit attributable to owners of Well Chip Group Berhad divided by a total number of 450,000,000 Shares after the Pre-IPO restructuring as disclosed in the Prospectus of Well Chip Group Berhad dated 26 June 2024 which was completed on 20 May 2024 but before the completion of the IPO of the Company.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B12. Basic and Diluted Earnings per Share (“EPS”) (cont'd)

- (3) Diluted EPS is computed based on the profit attributable to owners of Well Chip Group Berhad divided by the enlarged total number of 600,000,000 Shares after the IPO on 23 July 2024.

B13. Authorisation for issue

This interim financial report was authorised for issue by the Board of Directors on 12 August 2024.