



Maxi-Cash Financial Services Corporation Ltd

(Company Registration No: 200806968Z)
(Incorporated in the Republic of Singapore)

Unaudited Second Quarter and Half Year Financial Statements and Dividend Announcement For The Financial Period Ended 30 June 2015

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This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Canaccord Genuity Singapore Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Ms Alice Ng, Director and Head of Continuing Sponsorship, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854-6160.

1. Consolidated Statement of Comprehensive Income

1(i) Consolidated Statement of Comprehensive Income For The Financial Period Ended 30 June 2015 ("1H2015")

	Group		Change %
	1H 2015 \$'000	1H 2014 \$'000	
Revenue	58,577	55,538	5%
Material costs	(40,374)	(40,111)	1%
Employee benefits	(6,763)	(5,794)	17%
Depreciation and amortisation	(876)	(891)	-2%
Finance costs	(1,791)	(1,362)	31%
Other operating expenses	(7,225)	(7,821)	-8%
Operating profit/(loss)	1,548	(441)	n.m.
Rental income	109	397	-73%
Other income	297	324	-8%
Profit before tax from continuing operation	1,954	280	598%
Taxation	(212)	84	n.m.
Profit for the period	1,742	364	379%
Profit attributable to:			
Shareholders of the Company	1,709	339	404%
Non-controlling interests	33	25	32%
	1,742	364	379%
Profit for the period	1,742	364	379%
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	1,742	364	379%
Total comprehensive income attributable to:			
Shareholders of the Company	1,709	339	404%
Non-controlling interests	33	25	32%
	1,742	364	379%
Earnings per ordinary share (cents)			
-Basic	0.30	0.06	400%
-Diluted	0.30	0.06	400%

Other information :-

	Group		Change %
	1H 2015 \$'000	1H 2014 \$'000	
Amortisation of prepaid rent	130	189	-31%
Depreciation of property, plant and equipment	746	702	6%
Financial losses on pledged items (recovered)/ not fully covered by insurance	(59)	103	n.m.
Recovery of allowance for doubtful debts	-	(46)	n.m.
Foreign currency exchange gain	(26)	(51)	-49%

n.m. - Not meaningful

1. Consolidated Statement of Comprehensive Income (Con't)

1(ii) Consolidated Statement of Comprehensive Income For The Financial Period from 1 April 2015 to 30 June 2015 ("2Q 2015")

	Group		Change %
	2Q 2015 \$'000	2Q 2014 \$'000	
Revenue	29,882	28,611	4%
Material costs	(20,874)	(20,658)	1%
Employee benefits	(3,511)	(3,047)	15%
Depreciation and amortisation	(408)	(454)	-10%
Finance costs	(938)	(699)	34%
Other operating expenses	(3,517)	(4,049)	-13%
Operating profit/(loss)	634	(296)	n.m.
Rental income	45	189	-76%
Other income	45	120	-63%
Profit before tax from continuing operation	724	13	n.m.
Taxation	15	135	-89%
Profit for the period	739	148	399%
Profit attributable to:			
Shareholders of the Company	721	137	426%
Non-controlling interests	18	11	64%
	739	148	399%
Profit for the period	739	148	399%
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	739	148	399%
Total comprehensive income attributable to:			
Shareholders of the Company	721	137	426%
Non-controlling interests	18	11	64%
	739	148	399%

NOTES:

- 1a - Depreciation of fixed assets in pawnshops and retail outlets is computed on a straight-line basis over 3 to 5 years.
- 1b - The Group recognises all inventory, including trade-in stock and sales return stock, at the lower of cost and net realisable value.
- 1c - The increase in material costs in 1H 2015 and 2Q 2015 were generally in line with the increase in revenue from the retail and trading of pre-owned jewellery and watches business.
- 1d - Employee benefits expenses for 1H 2015 and 2Q 2015 increased mainly due to the increase in number of employees, as the Group has more pawnshops and retail outlets as at 30 June 2015 as compared to 30 June 2014.
- 1e - Lower depreciation and amortisation charges in 1H 2015 and 2Q 2015 were due to the decrease in amortisation of assignment fees.
- 1f - Finance costs for 1H 2015 and 2Q 2015 increased mainly due to more loan drawdown and higher interest rate charged.
- 1g - Lower other operating expenses in 1H 2015 and 2Q 2015 were mainly due to lower packaging material expenses, Goods and Services Tax recovered and refund of insurance premium received from pawnbrokers insurer.
- 1h - Lower rental income for 1H 2015 and 2Q 2015 as compared to 1H 2014 and 2Q 2014 were due to fewer sub-leasing properties.

2. Statements of Financial Position

	Group		Company	
	30-Jun-15 \$'000	31-Dec-14 \$'000	30-Jun-15 \$'000	31-Dec-14 \$'000
NON-CURRENT ASSETS				
Property, plant and equipment	3,776	4,287	72	88
Other receivables	1,602	909	873	909
Investments in subsidiaries	-	-	45,000	45,000
Prepaid rent	67	95	-	-
Deferred tax assets	905	1,150	36	30
	6,350	6,441	45,981	46,027
CURRENT ASSETS				
Inventories	32,877	30,618	-	-
Trade and other receivables	205,897	199,957	729	1,291
Prepaid rent	111	212	-	47
Prepayments	505	728	8	26
Due from subsidiaries (non-trade)	-	-	29,531	28,804
Cash and bank balances	7,948	9,264	1,322	1,444
	247,338	240,779	31,590	31,612
TOTAL ASSETS	253,688	247,220	77,571	77,639
CURRENT LIABILITIES				
Trade and other payables	3,598	3,539	837	923
Due to immediate holding company (non-trade)	26,738	114,196	12,768	12,685
Provision for taxation	714	1,033	2	16
Interest-bearing loans	157,270	63,710	-	-
	188,320	182,478	13,607	13,624
Net current assets	59,018	58,301	17,983	17,988
NON-CURRENT LIABILITIES				
Deferred tax liabilities	45	36	-	-
	45	36	-	-
TOTAL LIABILITIES	188,365	182,514	13,607	13,624
Net assets	65,323	64,706	63,964	64,015
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY				
Share capital	64,035	64,035	64,035	64,035
Revenue reserves	613	29	(71)	(20)
	64,648	64,064	63,964	64,015
Non-controlling interests	675	642	-	-
Total equity	65,323	64,706	63,964	64,015
Net asset value per ordinary share (cents)	11.49	11.39	11.37	11.38

2. Statements of Financial Position (Con't)

2a. - Review of Financial Position

The equity attributable to shareholders of the Company was \$64.6 million as at 30 June 2015 as compared to \$64.1 million as at 31 December 2014. The increase was mainly attributable to the profit for the period.

The Group's total assets of \$253.7 million as at 30 June 2015 was \$6.5 million higher than that as at 31 December 2014 mainly due to the increase in inventories and trade and other receivables, partially offset by the decrease in cash and bank balances. The increase in inventories was due to the increase in pre-owned jewellery and watches. The increase in trade and other receivables was due to the increase in pledge book for the Group's pawnbroking business.

The Group's total liabilities of \$188.4 million as at 30 June 2015 was \$5.9 million higher than that as at 31 December 2014. This was mainly due to the increase in interest-bearing loans. These proceeds were used mainly as working capital for the Group's pawnbroking business. The increase was partially offset by the decrease in amount due to immediate holding company (non-trade) as a result of the repayments of certain short-term advances.

3. Consolidated Statement of Cash Flows For The Financial Period Ended 30 June 2015

	Group			
	2Q 2015 \$'000	2Q 2014 \$'000	1H 2015 \$'000	1H 2014 \$'000
OPERATING ACTIVITIES				
Profit before taxation	724	13	1,954	280
Adjustments for:				
Recovery of allowance for doubtful debts	-	-	-	(46)
Depreciation of property, plant and equipment	367	360	746	702
Interest expense	938	699	1,791	1,362
Loss on disposal of property, plant and equipment	83	1	84	1
Amortisation of prepaid rent	42	94	130	189
Operating profit before working capital changes	2,154	1,167	4,705	2,488
(Increase)/decrease in:				
Inventories	(153)	(1,222)	(2,259)	(5,847)
Trade and other receivables	(8,422)	(8,770)	(6,633)	(5,326)
Prepayments	100	235	223	(209)
Increase in:				
Trade and other payables	186	454	59	99
Net cash used in operations	(6,135)	(8,136)	(3,905)	(8,795)
Interest paid	(938)	(699)	(1,791)	(1,362)
Income taxes refund	-	2	-	60
Income taxes paid	(203)	(98)	(278)	(154)
Net cash used in operating activities	(7,276)	(8,931)	(5,974)	(10,251)
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(220)	(600)	(319)	(1,255)
Increase in prepaid rent	-	-	-	(35)
Net cash used in investing activities	(220)	(600)	(319)	(1,290)
FINANCING ACTIVITIES				
Repayments of short-term notes, net	-	(20,000)	-	- *
Proceeds from/(repayments of) short-term bank borrowings, net	25,972	(43,790)	93,560	(4,320)
Repayments of finance lease obligations	-	(4)	-	(10)
(Repayments of)/advances from immediate holding company (non-trade), net	(19,455)	73,514	(87,458)	12,846
Dividend paid to shareholders of the Company	(1,125)	(1,172)	(1,125)	(1,172)
Net cash generated from financing activities	5,392	8,548	4,977	7,344
Net decrease in cash and cash equivalents	(2,105)	(983)	(1,316)	(4,197)
Cash and cash equivalents at beginning of period	10,053	8,387	9,264	11,601
Cash and cash equivalents at end of period	7,948	7,404	7,948	7,404

* Short term notes of S\$20 million issued on 5 February 2014 and fully repaid on 5 May 2014.

3. Consolidated Statement of Cash Flows For The Financial Period Ended 30 June 2015 (Con't)

Cash and cash equivalents

Cash and cash equivalents included in the consolidated cash flow statements comprise the following amounts:-

	1H 2015 \$'000	1H 2014 \$'000
Cash at banks and on hand	7,948	7,404
Cash and cash equivalents	7,948	7,404

3a. - Cashflow Analysis

2Q 2015

Net cash used in operating activities for 2Q 2015 was \$7.3 million compared to \$8.9 million in 2Q 2014. This was due to the increase in profit before taxation, decrease in prepayments and increase in trade and other payables, partially offset by the increase in inventories and trade and other receivables for the quarter.

Net cash used in investing activities of \$0.2 million in 2Q 2015 was due to renovation for pawnshops and retail outlets.

Net cash generated from financing activities was \$5.4 million in 2Q 2015 compared to \$8.5 million generated in 2Q 2014. The lower net cash generated from financing activities in 2Q 2015 was due to repayment of advances from immediate holding company (non-trade), partially offset by proceeds from short-term bank borrowings and a smaller dividend payment.

1H 2015

Net cash used in the operating activities for 1H 2015 was \$6.0 million compared to \$10.3 million for the corresponding period in the previous year. This was due to the increase in profit before taxation, decrease in prepayments and increase in trade and other payables, partially offset by the increase in inventories and trade and other receivables.

Net cash used in investing activities was \$0.3 million in 1H 2015 as compared to \$1.3 million in 1H 2014. The lower net cash used in investing activities in 1H 2015 was due to decrease in renovation expenses for pawnshops and retail outlets.

Net cash generated from financing activities was \$5.0 million in 1H 2015 compared to \$7.3 million in 1H 2014. The lower net cash generated from financing activities in 1H 2015 was mainly due to repayment of advances from immediate holding company (non-trade), partially offset by proceeds from short-term bank borrowings.

As a result of the above, there was a net decrease of \$1.3 million in the cash and cash equivalents, resulting in a cash and cash equivalents of \$7.9 million as at 30 June 2015.

4. Statements of Changes in Equity

	Attributable to shareholders of the Company		Non-controlling interests \$'000	Total \$'000
	Share Capital \$'000	Revenue reserves \$'000		
Group				
Balance as at 1 January 2015	64,035	29	642	64,706
Total comprehensive income for the period	-	1,709	33	1,742
Dividends on ordinary shares	-	(1,125)	-	(1,125)
Balance as at 30 June 2015	64,035	613	675	65,323
Balance as at 1 January 2014				
Balance as at 1 January 2014	64,035	(611)	598	64,022
Total comprehensive income for the period	-	339	25	364
Dividends on ordinary shares	-	(1,172)	-	(1,172)
Balance as at 30 June 2014	64,035	(1,444)	623	63,214
Company				
Balance as at 1 January 2015	64,035	(20)	-	64,015
Total comprehensive income for the period	-	1,074	-	1,074
Dividends on ordinary shares	-	(1,125)	-	(1,125)
Balance as at 30 June 2015	64,035	(71)	-	63,964
Balance as at 1 January 2014				
Balance as at 1 January 2014	64,035	39	-	64,074
Total comprehensive income for the period	-	930	-	930
Dividends on ordinary shares	-	(1,172)	-	(1,172)
Balance as at 30 June 2014	64,035	(203)	-	63,832

5. Changes in Share Capital

	No. of shares '000	Issued and fully paid-up share capital (\$) '000
As at 31 December 2014, 31 March 2015 and 30 June 2015	562,637	64,035

The Company has no outstanding convertibles or treasury shares as at 30 June 2015 and 30 June 2014.

6. Changes in Treasury Shares

Not applicable. The Company does not have any treasury shares.

7. Group Borrowings and Debt Securities

Amount repayable in one year or less, or on demand

As at 30-Jun-15		As at 31-Dec-14	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
157,270	-	63,710	-

Amount repayable after one year

As at 30-Jun-15		As at 31-Dec-14	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	-	-	-

Details of collateral

The Group's borrowings and debt securities are secured as follows:-

- i) corporate guarantees by the Company and/or Aspiat Corporation Limited; and
- ii) fixed and floating charges on all assets of certain subsidiaries.

8. Auditor's Report

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

9. Accounting Policies

The Group has applied the same accounting policies and methods of computation in the second quarter announcement for the current financial year as those of the audited financial statements for the financial year ended 31 December 2014, as well as all applicable new and revised Financial Reporting Standards ("FRSs") which became effective for financial years beginning on or after 1 January 2015. The adoption of these new and revised FRSs has no material effect on the second quarter announcement for the current financial year.

10. Earnings per Share

	Group			
	2Q 2015 cents	2Q 2014 cents	1H 2015 cents	1H 2014 cents
i) Basic earnings per share	0.13	0.02	0.30	0.06
ii) Diluted earnings per share	0.13	0.02	0.30	0.06
- Weighted average number of shares ('000)	562,637	562,637	562,637	562,637

11. Net Asset Value per Share

	Group		Company	
	30-Jun-15	31-Dec-14	30-Jun-15	31-Dec-14
Net asset value per ordinary share (cents)	11.49	11.39	11.37	11.38
Number of ordinary shares in issue ('000)	562,637	562,637	562,637	562,637

12. Variance from Forecast Statement

No forecast for the financial period ended 30 June 2015 was previously provided.

13. Review of Corporate Performance

The Group's revenue of \$58.6 million for 1H 2015 was higher by \$3.0 million as compared to 1H 2014. The increase in revenue was contributed by both the pawnbroking business and the retail and trading of pre-owned jewellery and watches business.

For 2Q 2015, the Group's revenue of \$29.9 million was 4.4% higher than 2Q 2014 due to higher revenue recorded by both the pawnbroking business and the retail and trading of pre-owned jewellery and watches business.

Revenue contribution from the pawnbroking business increased by about 8.5% in 1H 2015. The increase was primarily attributed to the higher interest income from its growing pledge book. The retail and trading of pre-owned jewellery and watches business recorded a 4.6% increase in revenue in 1H 2015.

The number of pawnshops and retail outlets increased from 36 stores in 1H 2014 to 40 stores in 1H 2015. The operations of the additional stores and increase in bank borrowings and interest rate had contributed to the increase in operating expenses such as employee benefits, finance costs and depreciation in 1H 2015 as compared to 1H 2014.

At the pre-tax level, the Group's 1H 2015 profit of \$2.0 million was \$1.7 million higher than that of 1H 2014. For 2Q 2015, the Group registered a pre-tax profit of \$0.7 million as compared to \$0.1 million in 2Q 2014.

14. Business Outlook

The operating environment for the Group's core business of pawnbroking and sales of pre-owned jewellery and watches remains challenging with keen competition, rising operating costs, volatile gold prices and rising interest rates.

In view of these challenges, the Group had implemented a number of initiatives which leverage on having the largest network and established branding to increase the pawnbroking business. We had managed to increase our trade and other receivables to \$206 million as at 30 June 2015, which comprise primarily the pledge book amount of our pawnbroking business. We will continue to fine tune these initiatives if we are to sustain our growth.

To stabilize and grow our sales of pre-owned jewellery and watches, the Group will increase the range and variety of pre-owned jewellery and watches available for sales and align our sales and marketing efforts to promote the sales of pre-owned products.

We will also continue to improve our efficiency through our comprehensive staff training and improve our work processes to mitigate the effects of the challenging operating environment and slowing macro economy.

15. Interested Person Transactions

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii) of the Catalist Rules.

Name of interested person	Aggregate value of all Interested Person Transactions during the year under Review (excluding Transactions less than \$100,000 and Transactions Conducted under Shareholders' Mandate Pursuant to Rule 920 of the Catalist Rules)	
	30-Jun-15 \$'000	30-Jun-14 \$'000
Lease of premises		
8G Investment Pte Ltd	186	186
World Financial Property Pte Ltd	214	204
Corporate charges *		
Aspial Corporation Limited	90	90
Sales Return of Pre-owned Jewellery		
Aspial-Lee Hwa Jewellery Singapore Pte Ltd	-	150
Loan Interest		
Aspial Corporation Limited	372	407
	862	1,037

* This interested person transaction will amount to more than \$100,000 on an annual basis.

16. Dividend

(i) Any dividend declared for the current financial period reported on?

No

(ii) Any dividend declared for the preceding financial period?

No

17. Negative Confirmation By The Board Pursuant to Rule 705 (5) of the SGX-ST Listing Manual Section B: Rules of Catalist ("Catalist Rules")

On behalf of the Board of Directors of the Company, we hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the second quarter and half year ended 30 June 2015 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Ng Leok Cheng
CEO

Koh Wee Seng
Non-Executive Chairman

5th August 2015