



MAXI-CASH FINANCIAL SERVICES CORPORATION LTD

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

UNAUDITED SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

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This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Advisors Private Limited ("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 Mr Ong Hwee Li (Tel: (65) 6532 3829) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542.

SAC Capital Private Limited is the parent company of SAC Advisors Private Limited.

1. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Consolidated Statements of Comprehensive Income For The Financial Period Ended 30 June 2017 ("1H 2017")

	Group		Change %
	1H 2017 \$'000	1H 2016 \$'000	
Revenue	93,427	76,310	22%
Material costs	(66,350)	(53,548)	24%
Employee benefits	(8,181)	(6,857)	19%
Depreciation and amortisation	(737)	(697)	6%
Finance costs	(2,836)	(2,289)	24%
Other operating expenses	(10,024)	(7,449)	35%
Interest income	262	-	n.m.
Rental income	141	51	176%
Other income	304	482	-37%
Profit before tax	6,006	6,003	0%
Taxation	(771)	(786)	-2%
Profit for the period	5,235	5,217	0%
Other comprehensive income			
Net fair value change of available-for-sale financial assets	82	-	n.m.
Other comprehensive income for the period, net of tax	82	-	n.m.
Total comprehensive income for the period	5,317	5,217	2%
Profit attributable to:			
Owners of the Company	5,190	5,169	0%
Non-controlling interests	45	48	-6%
	5,235	5,217	0%
Total comprehensive income attributable to:			
Owners of the Company	5,272	5,169	2%
Non-controlling interests	45	48	-6%
	5,317	5,217	2%
Earnings per ordinary share (cents)			
-Basic	0.71	0.92	-23%
-Diluted	0.71	0.92	-23%

Other information :-

	Group		Change %
	1H 2017 \$'000	1H 2016 \$'000	
Amortisation of prepaid rent	25	28	-11%
Depreciation of plant and equipment	712	668	7%
Financial losses on pledged items not fully covered by insurance	27	14	93%
Foreign currency exchange gain	(36)	(48)	-25%
Loss on disposal of plant and equipment	267	198	35%

n.m. - Not meaningful

1. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)
1(ii) Consolidated Statements of Comprehensive Income For The Financial Period from 1 April 2017 to 30 June 2017 ("2Q 2017")

	Group		Change %
	2Q 2017 \$'000	2Q 2016 \$'000	
Revenue	49,285	38,980	26%
Material costs	(35,630)	(27,594)	29%
Employee benefits	(4,320)	(3,506)	23%
Depreciation and amortisation	(380)	(347)	10%
Finance costs	(1,681)	(1,081)	56%
Other operating expenses	(5,236)	(3,957)	32%
Interest income	262	-	n.m.
Rental income	82	27	204%
Other income	145	93	56%
Profit before tax	2,527	2,615	-3%
Taxation	(270)	(284)	-5%
Profit for the period	2,257	2,331	-3%
Other comprehensive income			
Net fair value change of available-for-sale financial assets	82	-	n.m.
Other comprehensive income for the period, net of tax	82	-	n.m.
Total comprehensive income for the period	2,339	2,331	0%
Profit attributable to:			
Owners of the Company	2,233	2,303	-3%
Non-controlling interests	24	28	-14%
	2,257	2,331	-3%
Total comprehensive income attributable to:			
Owners of the Company	2,315	2,303	1%
Non-controlling interests	24	28	-14%
	2,339	2,331	0%

n.m. - Not meaningful

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 2017 and 2Q 2017 were generally in line with the increase in revenue from the retail and trading of jewellery, watches and branded bags business.
- 1d - Higher employee benefits expenses for 1H 2017 and 2Q 2017 were mainly due to the increase in number of employees and basic salaries with more shops in operation and performance bonus.
- 1e - Higher depreciation and amortisation charges in 1H 2017 and 2Q 2017 were mainly due to the renovation at shops.
- 1f - Increase in finance costs for 1H 2017 and 2Q 2017 were mainly due to higher loan and interest accrued for multicurrency medium term notes issued in 2Q 2017.
- 1g - Higher other operating expenses in 1H 2017 and 2Q 2017 were mainly due to higher branding, exhibition, rental, overseas travelling expenses, commission fees, directors' fees and amortisation of multicurrency medium term notes programme establishment and issuance expenses.
- 1h - Interest income for 1H 2017 and 2Q 2017 were mainly due to interest income recognised from investment securities.
- 1i - Higher rental income for 1H 2017 and 2Q 2017 were mainly due to new leases commencing after 1H 2016.
- 1j - Decrease in other income for 1H 2017 as compared to 1H 2016 was mainly due to lower government grants received such as the Wage Credit Scheme while increase in other income for 2Q 2017 as compared to 2Q 2016 was mainly due to gain on disposal of investment securities.

2. STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30-Jun-17 \$'000	31-Dec-16 \$'000	30-Jun-17 \$'000	31-Dec-16 \$'000
NON-CURRENT ASSETS				
Property, plant and equipment	8,919	4,162	64	69
Trade and other receivables	10,565	1,714	-	-
Investments in subsidiaries	-	-	46,100	45,000
Deferred tax assets	525	363	149	67
	20,009	6,239	46,313	45,136
CURRENT ASSETS				
Inventories	45,861	43,211	-	-
Trade and other receivables	256,354	246,278	178	538
Prepaid rent	17	42	-	-
Prepayments	2,845	852	2,145	20
Due from subsidiaries (non-trade)	-	-	96,014	43,165
Due from a related company (trade)	-	97	-	7
Investment securities	37,028	-	-	-
Cash and bank balances	10,204	10,542	1,403	1,502
	352,309	301,022	99,740	45,232
TOTAL ASSETS	372,318	307,261	146,053	90,368
CURRENT LIABILITIES				
Trade and other payables	6,217	5,576	1,836	1,999
Due to immediate holding company (non-trade)	-	11	-	7
Due to related companies (non-trade)	5,000	29,570	-	-
Provision for taxation	1,975	1,782	-	-
Interest-bearing loans and borrowings	205,112	173,550	-	-
	218,304	210,489	1,836	2,006
Net current assets	134,005	90,533	97,904	43,226
NON-CURRENT LIABILITIES				
Other payables	33	56	-	-
Interest-bearing loans and borrowings	2,698	-	-	-
Term notes	50,000	-	50,000	-
Deferred tax liabilities	111	94	-	-
	52,842	150	50,000	-
TOTAL LIABILITIES	271,146	210,639	51,836	2,006
Net assets	101,172	96,622	94,217	88,362
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital	93,948	87,439	93,948	87,439
Other reserves	82	-	-	-
Revenue reserves	6,287	8,373	269	923
	100,317	95,812	94,217	88,362
Non-controlling interests	855	810	-	-
Total equity	101,172	96,622	94,217	88,362
Net asset value per ordinary share (cents)	13.10	13.17	12.31	12.15

2a. - Review of Financial Position

The equity attributable to owners of the Company was \$100.3 million as at 30 June 2017 as compared to \$95.8 million as at 31 December 2016. The increase was mainly attributable to the increase in share capital and other reserves. The increase in share capital was due to issuance of 38,066,653 new ordinary shares under the scrip dividend scheme in June 2017. The increase in other reserves was due to net gain fair value change of available-for-sale financial assets.

The Group's total assets of \$372.3 million as at 30 June 2017 was \$65.1 million higher than that as at 31 December 2016 mainly due to the increase in investment securities, trade and other receivables, prepayments, property, plant and equipment and inventories, partially offset by the decrease in cash and bank balances. The increase in non-current trade and other receivables was mainly due to investment in secured loan note and mortgage fund. The increase in current trade and other receivables was due to the increase in pledge book for the Group's pawnbroking business and interest receivables from investment securities. The increase in prepayments was mainly due to deposits paid to purchase properties. The increase in property, plant and equipment was mainly due to an acquisition of leasehold property.

The Group's total liabilities of \$271.1 million as at 30 June 2017 was \$60.5 million higher than that as at 31 December 2016. This was mainly due to the issuance of the multicurrency medium term notes, increase in interest-bearing loans and borrowings and trade and other payables which was partially offset by the decrease in amount due to related companies (non-trade).

3. CONSOLIDATED STATEMENTS OF CASH FLOWS

	Group			
	2Q 2017 \$'000	2Q 2016 \$'000	1H 2017 \$'000	1H 2016 \$'000
OPERATING ACTIVITIES				
Profit before taxation	2,527	2,615	6,006	6,003
Adjustments for:				
Depreciation of property, plant and equipment	368	334	712	668
Write down of inventories	1	-	2	-
Interest expense	1,681	1,081	2,836	2,289
Interest income	(262)	-	(262)	-
Amortisation of prepaid commitment fee	39	-	39	-
Financial losses on pledged items not fully covered by insurance	20	7	27	17
Loss on disposal of plant and equipment	244	116	267	198
Gain on disposal of investment securities	(70)	-	(70)	-
Amortisation of prepaid rent	12	12	25	28
Unrealised foreign exchange differences	125	-	125	-
Operating profit before changes in working capital	4,685	4,165	9,707	9,203
(Increase)/decrease in:				
Inventories	(1,556)	(3,753)	(2,652)	(4,525)
Trade and other receivables	(15,541)	(11,910)	(18,712)	(16,486)
Prepayments	318	169	(1,400)	286
Due from a related company (trade)	-	702	97	(240)
Increase in:				
Trade and other payables	596	449	618	311
Cash flows used in operations	(11,498)	(10,178)	(12,342)	(11,451)
Interest paid	(1,681)	(1,081)	(2,836)	(2,289)
Income taxes paid	(702)	(199)	(740)	(290)
Net cash flows used in operating activities	(13,881)	(11,458)	(15,918)	(14,030)
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(5,048)	(485)	(5,737)	(831)
Interest received	20	-	20	-
Purchase of investment securities	(55,549)	-	(55,549)	-
Proceeds from disposal of investment securities	18,564	-	18,564	-
Net cash flows used in investing activities	(42,013)	(485)	(42,702)	(831)
FINANCING ACTIVITIES				
Proceeds from issuance of term notes	50,000	-	50,000	-
Proceeds from /(Repayments of) short-term bank borrowings, net	6,862	(92,980)	31,475	(62,860)
Proceeds from term loan, net	2,785	-	2,785	-
Repayment of advances to immediate holding company (non-trade), net	-	(297)	(11)	(85)
Term notes commitment fee paid	(631)	-	(631)	-
(Repayment of advances) / advances from a related company (non-trade), net	(1,720)	105,443	(24,570)	75,393
Dividends paid on ordinary shares	(766)	(332)	(766)	(332)
Net cash flows generated from financing activities	56,530	11,834	58,282	12,116
Net increase/(decrease) in cash and cash equivalents	636	(109)	(338)	(2,745)
Cash and cash equivalents at the beginning of period	9,568	6,836	10,542	9,472
Cash and cash equivalents at the end of period	10,204	6,727	10,204	6,727

3. CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

Cash and cash equivalents

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

	1H 2017 \$'000	1H 2016 \$'000
Cash at banks and on hand	10,204	6,727
Cash and cash equivalents	10,204	6,727

3a. - Cashflow Analysis

2Q 2017

Net cash used in operating activities for 2Q 2017 was \$13.9 million as compared to \$11.5 million in 2Q 2016, mainly due to the increase in trade and other receivables and the decrease in amount due from a related company (trade), partially offset by the lower increase in inventory and the increase in operating profit for the financial period.

Net cash used in investing activities was \$42.0 million in 2Q 2017 as compared to \$0.5 million in 2Q 2016. The net cash used in investing activities was mainly due to the purchase of investment securities, acquisition of new property and renovation for pawnshops and retail outlets, partially offset by the disposal of investment securities.

Net cash generated from financing activities was \$56.5 million in 2Q 2017 as compared to \$11.8 million in 2Q 2016. This was due to higher proceeds from short-term bank borrowings and issuance of multicurrency medium term notes in 2Q 2017, partially offset by repayment of certain advances from a related company (non-trade).

1H 2017

Net cash used in operating activities for 1H 2017 was \$15.9 million compared to \$14.0 million for 1H 2016. This was due to the increase in trade and other receivables, trade and other payables and prepayments, partially offset by lower increase in inventory and profit for the financial period. The increase in prepayments was mainly due to a deposit paid to purchase a property.

Net cash used in investing activities was \$42.7 million in 1H 2017 as compared to \$0.8 million in 1H 2016. The higher net cash used in investing activity in 1H 2017 was due to purchase of investment securities.

Net cash generated from financing activities was \$58.3 million in 1H 2017 as compared to \$12.1 million in 1H 2016. The higher net cash generated from financing activities was mainly due to the proceeds from issuance of multicurrency medium term notes, short-term bank borrowings and proceeds from term loan, partially offset by repayment of advances from a related company (non-trade).

As a result of the above, cash and cash equivalents was \$10.2 million as at 30 June 2017.

4. STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company			Non-controlling interests \$'000	Total \$'000
	Share capital \$'000	Other reserves \$'000	Revenue reserves \$'000		
Group					
Balance as at 1 January 2017	87,439	-	8,373	810	96,622
Total comprehensive income for the period	-	-	5,190	45	5,235
Dividends on ordinary shares - Cash	-	-	(767)	-	(767)
Dividends on ordinary shares - Scrip	-	-	(6,509)	-	(6,509)
Ordinary shares issued under scrip dividend scheme	6,509	-	-	-	6,509
Net gain on fair value change of available-for-sale financial assets	-	82	-	-	82
Balance as at 30 June 2017	93,948	82	6,287	855	101,172
Balance as at 1 January 2016					
Balance as at 1 January 2016	64,035	-	2,747	709	67,491
Total comprehensive income for the period	-	-	5,169	48	5,217
Dividends on ordinary shares	2,482	-	(2,813)	-	(331)
Balance as at 30 June 2016	66,517	-	5,103	757	72,377
Company					
Balance as at 1 January 2017	87,439	-	923	-	88,362
Total comprehensive income for the period	-	-	6,622	-	6,622
Dividends on ordinary shares - Cash	-	-	(767)	-	(767)
Dividends on ordinary shares - Scrip	-	-	(6,509)	-	(6,509)
Ordinary shares issued under scrip dividend scheme	6,509	-	-	-	6,509
Balance as at 30 June 2017	93,948	-	269	-	94,217
Balance as at 1 January 2016					
Balance as at 1 January 2016	64,035	-	(8)	-	64,027
Total comprehensive income for the period	-	-	2,669	-	2,669
Dividends on ordinary shares	2,482	-	(2,813)	-	(331)
Balance as at 30 June 2016	66,517	-	(152)	-	66,365

5. CHANGES IN SHARE CAPITAL

	No. of shares '000	Issued and fully paid-up share capital (S\$) '000
Balance at 31 December 2016 and 31 March 2017	727,530	87,439
Ordinary shares issued under scrip dividend scheme (Note 1)	38,067	6,509
Balance at 30 June 2017	765,597	93,948

Note 1 - On 27 June 2017, the Company issued 38,066,653 new shares at an issue price of \$0.0171 to eligible Shareholders who have elected to participate in the Company's scrip dividend scheme.

The Company has no outstanding convertibles, treasury shares or subsidiary holdings as at 30 June 2017 and 30 June 2016.

6. CHANGES IN TREASURY SHARES

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

7. CHANGES IN SUBSIDIARY HOLDINGS

Not applicable. The Company does not have any subsidiary holdings.

8. GROUP BORROWINGS AND DEBT SECURITIES

Amount repayable in one year or less, or on demand

As at 30-Jun-17		As at 31-Dec-16	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
205,112	-	173,550	-

Amount repayable after one year

As at 30-Jun-17		As at 31-Dec-16	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
2,698	50,000	-	-

Details of collateral

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

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

9. AUDITOR'S REPORT

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

10. ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in the second quarter announcement for the current financial year ending 31 December 2017 as those of the audited financial statements for the financial year ended 31 December 2016, as well as all applicable new and revised Financial Reporting Standards ("FRSs") which became effective for financial years beginning on or after 1 January 2017. The adoption of these new and revised FRSs has no material effect on the second quarter announcement for the current financial year ending 31 December 2017.

11. EARNINGS PER SHARE

	Group			
	2Q 2017 cents	2Q 2016 cents	1H 2017 cents	1H 2016 cents
i) Basic earnings per share	0.31	0.41	0.71	0.92
ii) Diluted earnings per share	0.31	0.41	0.71	0.92
- Weighted average number of shares ('000)	729,204	563,489	728,372	563,063

12. NET ASSET VALUE PER SHARE

	Group		Company	
	30-Jun-17	31-Dec-16	30-Jun-17	31-Dec-16
Net asset value per ordinary share (cents)	13.10	13.17	12.31	12.15
Number of ordinary shares in issue ('000)	765,597	727,530	765,597	727,530

13. VARIANCE FROM FORECAST STATEMENT

No forecast for the financial period ended 30 June 2017 was previously provided.

14. REVIEW OF CORPORATE PERFORMANCE

The Group's revenue rose 22.4% to \$93.4 million in 1H 2017. It was \$17.1 million higher than 1H 2016. The increase in revenue contribution was primarily attributed to the higher interest income from the pawnbroking business and higher sales from the retail and trading of jewellery, watches and branded bags business.

Revenue contribution from the pawnbroking business increased by about 9.0% in 1H 2017 as compared to 1H 2016. The increase was primarily attributed to the higher interest income from its growing pledge book. The retail and trading of jewellery, watches and branded bags business reported a 25.8% increase in revenue in 1H 2017 as compared to 1H 2016.

For 2Q 2017, the Group's revenue of \$49.3 million was 26.4% higher than 2Q 2016 due to higher revenue recorded by both the pawnbroking business and the retail and trading of jewellery, watches and branded bags business.

As compared to 1H 2016 and 2Q 2016, operating expenses in 1H 2017 and 2Q 2017 increased in most categories such as material costs, staff costs, rental, finance and depreciation and amortisation costs which was mainly due to the opening of 3 new shops and enlargement of 3 existing shops in 1H 2017 and the issuance of multicurrency medium term notes. The Group had embarked on major marketing campaigns in 1H 2017 which had resulted in an increase of sales and marketing costs of approximately \$1.2 million.

At the pre-tax level, the Group posted a flat pre-tax profit of \$6.0 million for 1H 2017 as the higher revenue and gross profit was fully offset by the increase in operating expenses. For 2Q 2017, the Group reported a pre-tax profit of \$2.5 million as compared to \$2.6 million in 2Q 2016.

Excluding the increase in the marketing costs for the campaigns, the pre-tax profit in 1H 2017 would have been \$7.2 million.

15. BUSINESS OUTLOOK

The Group's pawnbroking business continues to operate under very competitive environment with keen competition for loans, rising operating costs and volatile gold price. The retail business also faces operating challenges amidst a lackadaisical local retail market. To counter these challenges, the Group will continue to review its store network, introduce initiatives to facilitate pawning and buying of our products, expand our training of staff to support these initiatives, actively promote our brands and improve our operating efficiencies in order to maintain our local market leadership.

In order to provide additional funding to grow our pawning and secured lending business, increase the product range of our retail business and improve the pawning and retail experience of our customers, the Group completed a rights issue which raised net proceeds of \$20.4 million in July 2017.

16. 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.

17. DIVIDEND

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

Yes

Name of dividend	1H 2017
Name of dividend	Interim
Dividend Type	Cash/Scrip
Dividend Rate	\$0.005 per ordinary share
Tax Rate	One-tier tax exempt
Book closure date	28 August 2017
Payment date	12 October 2017

(ii) Any dividend declared for the previous corresponding financial period?

Yes

Name of dividend	1H 2016
Name of dividend	Interim
Dividend Type	Cash
Dividend Rate	\$0.005 per ordinary share
Tax Rate	One-tier tax exempt
Book closure date	22 August 2016
Payment date	31 August 2016

18. 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 2017 to be false or misleading in any material aspect.

19. PROCURED UNDERTAKINGS BY THE BOARD AND EXECUTIVE OFFICERS PURSUANT TO RULE 720 (1) OF THE CATALIST RULES

The Company confirms that all the required undertakings under Rule 720 (1) of the Catalist Rules have been obtained from all its directors and executive officers in the format set out in Appendix 7H of the Catalist Rules.

On behalf of the Board of Directors,

Ng Leok Cheng
CEO

Koh Wee Seng
Non-Executive Chairman

7th August 2017