



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 2014

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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 Mr Alex Tan, Chief Executive Officer, 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 2014 ("1H 2014")

	Group		Change %
	1H 2014 \$'000	1H 2013 \$'000	
Revenue	55,538	56,685	-2%
Material costs	(40,111)	(41,548)	-3%
Employee benefits	(5,794)	(4,460)	30%
Depreciation and amortisation	(891)	(763)	17%
Finance costs	(1,362)	(1,405)	-3%
Other operating expenses	(7,821)	(7,039)	11%
Operating (loss)/profit	(441)	1,470	n.m.
Rental income	397	266	49%
Other income	324	66	391%
Profit before tax from continuing operation	280	1,802	-84%
Taxation	84	(154)	n.m.
Profit for the period	364	1,648	-78%
Profit attributable to:			
Shareholders of the Company	339	1,624	-79%
Non-controlling interests	25	24	4%
	364	1,648	-78%
Profit for the period	364	1,648	-78%
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	364	1,648	-78%
Total comprehensive income attributable to:			
Shareholders of the Company	339	1,624	-79%
Non-controlling interests	25	24	4%
	364	1,648	-78%
Earnings per ordinary share (cents)			
-Basic	0.06	0.29	-79%
-Diluted	0.06	0.29	-79%

Other information :-

	Group		Change %
	1H 2014 \$'000	1H 2013 \$'000	
Amortisation of prepaid rent	189	190	-1%
Depreciation of property, plant and equipment	702	573	23%
Financial losses on pledged items not fully covered by insurance	103	35	194%
Recovery of allowance for doubtful debts	(46)	(3)	n.m.
Foreign currency exchange gain	(51)	(45)	13%
Manufacturing and melting loss	29	22	32%
Rental income	(397)	(266)	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 2014 to 30 June 2014 ("2Q 2014")

	Group		Change %
	2Q 2014 \$'000	2Q 2013 \$'000	
Revenue	28,611	30,029	-5%
Material costs	(20,658)	(22,846)	-10%
Employee benefits	(3,047)	(2,401)	27%
Depreciation and amortisation	(454)	(389)	17%
Finance costs	(699)	(709)	-1%
Other operating expenses	(4,049)	(3,714)	9%
Operating loss	(296)	(30)	887%
Rental income	189	132	43%
Other income	120	22	445%
Profit before tax from continuing operation	13	124	-90%
Taxation	135	(67)	n.m
Profit for the period	148	57	160%
<u>Profit attributable to:</u>			
Shareholders of the Company	137	48	185%
Non-controlling interests	11	9	22%
	148	57	160%
Profit for the period	148	57	160%
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	148	57	160%
<u>Total comprehensive income attributable to:</u>			
Shareholders of the Company	137	48	185%
Non-controlling interests	11	9	22%
	148	57	160%

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 decrease in material costs in 1H 2014 and 2Q 2014 was generally in line with the decrease in revenue from the retail and trading of pre-owned jewellery and watches business.
- 1d - Employee benefits expenses for 1H 2014 and 2Q 2014 increased mainly due to the increase in number of employees, as the Group has more pawnshops and retail outlets as at 30 June 2014 as compared to 30 June 2013.
- 1e - Higher depreciation charges in 1H 2014 and 2Q 2014 were due to the increase in depreciation of plant and equipment for new pawnshops and retail outlets.
- 1f - Finance costs for 1H 2014 and 2Q 2014 decreased mainly due to lower interest rate incurred.
- 1g - Higher other operating expenses in 1H 2014 and 2Q 2014 were mainly due to the increase in rental costs for new pawnshops and retail outlets in new locations.
- 1h - The higher rental income for 1H 2014 and 2Q 2014 compared to 1H 2013 and 2Q 2013 were due to more leased properties for sub-leasing and bad debt recovered from one of the tenants in March 2014.
- 1i - Other income for 1H 2014 and 2Q 2014 increased mainly due to government grants arising from the Wage Credit Scheme, Productivity and Innovation Credit (PIC) Cash and PIC Bonus payouts from Inland Revenue Authority of Singapore.

2. Statements of Financial Position

	Group		Company	
	30-Jun-14 \$'000	31-Dec-13 \$'000	30-Jun-14 \$'000	31-Dec-13 \$'000
NON-CURRENT ASSETS				
Property, plant and equipment	4,286	3,734	88	64
Investments in subsidiaries	-	-	45,000	45,000
Other receivables	1,204	1,484	1,204	1,484
Prepaid rent	71	143	-	47
Deferred tax assets	912	871	72	62
	6,473	6,232	46,364	46,657
CURRENT ASSETS				
Inventories	27,920	22,073	-	-
Trade and other receivables	193,885	188,233	1,107	697
Prepaid rent	297	379	189	283
Prepayments	590	381	69	126
Due from subsidiaries (non-trade)	-	-	27,930	28,635
Cash and bank balances	7,404	11,601	1,837	2,426
	230,096	222,667	31,132	32,167
TOTAL ASSETS	236,569	228,899	77,496	78,824
CURRENT LIABILITIES				
Trade and other payables	3,444	3,343	933	1,111
Due to immediate holding company (non-trade)	99,250	86,404	12,583	13,486
Provision for taxation	781	883	5	8
Interest-bearing loans and borrowings	69,693	74,023	-	-
	173,168	164,653	13,521	14,605
Net current assets	56,928	58,014	17,611	17,562
NON-CURRENT LIABILITIES				
Other payables	143	145	143	145
Deferred tax liabilities	44	79	-	-
	187	224	143	145
TOTAL LIABILITIES	173,355	164,877	13,664	14,750
Net assets	63,214	64,022	63,832	64,074
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY				
Share capital	64,035	64,035	64,035	64,035
Accumulated (losses)/profit	(1,444)	(611)	(203)	39
	62,591	63,424	63,832	64,074
Non-controlling interests	623	598	-	-
Total equity	63,214	64,022	63,832	64,074
Net asset value per ordinary share (cents)	11.12	13.53	11.35	13.67

2. Statements of Financial Position (Con't)

2a. - Review of Financial Position

The equity attributable to shareholders of the Company was \$62.6 million as at 30 June 2014 as compared to \$63.4 million as at 31 December 2013. The decline was attributable to the dividend payment of S\$1.2 million in May 2014, partially offset by the profit for the period.

The Group's total assets of \$236.6 million as at 30 June 2014 was \$7.7 million higher than that as at 31 December 2013 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 for the Group's retail and trading of pre-owned jewellery and watches business. 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 \$173.4 million as at 30 June 2014 was \$8.5 million higher than that as at 31 December 2013. This was mainly due to the increase in amount due to immediate holding company (non-trade). These additional advances were used mainly as working capital for the Group's pawnbroking business. The increase was partially offset by the decrease in interest-bearing loans and borrowings as a result of the repayments of certain short-term bank borrowings, using the lower-cost funds borrowed from the immediate holding company.

3. Consolidated Statement of Cash Flows For The Financial Period Ended 30 June 2014

	Group			
	2Q 2014 \$'000	2Q 2013 \$'000	1H 2014 \$'000	1H 2013 \$'000
OPERATING ACTIVITIES				
Profit before taxation	13	124	280	1,802
Adjustments for:				
Property, plant and equipment written off	1	-	1	-
Depreciation of property, plant and equipment	360	294	702	573
Recovery of allowance for doubtful debts	-	-	(46)	(3)
Interest expense	699	709	1,362	1,405
Amortisation of prepaid rent	94	95	189	190
Loss on disposal of property, plant and equipment	-	85	-	85
Operating profit before working capital changes	1,167	1,307	2,488	4,052
(Increase)/decrease in:				
Inventories	(1,222)	(787)	(5,847)	(405)
Trade and other receivables	(8,770)	(14,311)	(5,326)	(20,033)
Prepayments	235	710	(209)	(209)
Increase/(decrease) in:				
Trade and other payables	454	(147)	99	(326)
Net cash used in operations	(8,136)	(13,228)	(8,795)	(16,921)
Interest paid	(699)	(709)	(1,362)	(1,405)
Income taxes refund	2	-	60	35
Income taxes paid	(98)	(344)	(154)	(473)
Net cash used in operating activities	(8,931)	(14,281)	(10,251)	(18,764)
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(600)	(346)	(1,255)	(723)
Increase in prepaid rent	-	-	(35)	-
Net cash used in investing activities	(600)	(346)	(1,290)	(723)
FINANCING ACTIVITIES				
Proceeds from short-term notes	-	-	20,000	-
Repayment of short-term notes	(20,000)	-	(20,000)	-
Proceeds from short-term bank borrowings	28,520	45,339	99,570	117,643
Repayments of short-term bank borrowings	(72,310)	(27,910)	(103,890)	(80,370)
Repayments of finance lease obligations	(4)	(13)	(10)	(27)
Advances from/(repayments to) immediate holding company (non-trade)	73,514	282	12,846	(15,530)
Repayments from a related company	-	(221)	-	(221)
Dividend paid to shareholders of the Company	(1,172)	(2,415)	(1,172)	(2,415)
Net cash generated from financing activities	8,548	15,062	7,344	19,080
Net (decrease)/increase in cash and cash equivalents	(983)	435	(4,197)	(407)
Cash and cash equivalents at beginning of period	8,387	6,676	11,601	7,518
Cash and cash equivalents at end of period	7,404	7,111	7,404	7,111

3. Consolidated Statement of Cash Flows For The Financial Period Ended 30 June 2014 (Con't)

Cash and cash equivalents

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

	1H 2014 \$'000	1H 2013 \$'000
Cash at banks and in hand	7,404	7,111
Cash and cash equivalents	7,404	7,111

3a. - Cashflow Analysis

2Q 2014

Net cash used in operating activities for 2Q 2014 was \$8.9 million compared to \$14.3 million in 2Q 2013. This was due to the increase in trade and other receivables as well as inventories, partially offset by the increase in trade and other payables and the decrease in prepayments.

Net cash used in investing activities of \$0.6 million in 2Q 2014 was due to renovation for pawnshops and retail outlets in new locations.

Net cash generated from financing activities was \$8.5 million in 2Q 2014 compared to \$15.1 million generated in 2Q 2013. The lower net cash generated from financing activities in 2Q 2014 was due to higher advances from immediate holding company (non-trade), partially offset by repayments of short-term notes, and net repayments of short-term bank borrowings and a lower dividend payment.

1H 2014

Net cash used in the operating activities for 1H 2014 was \$10.3 million compared to \$18.8 million for the corresponding period in the previous year. This was due to the increase in trade and other receivables, inventories and prepayments, partially offset by the increase in trade and other payables.

Net cash used in investing activities was \$1.3 million in 1H 2014 as compared to \$0.7 million in 1H 2013. The higher net cash used in investing activities in 1H 2014 was mainly due to increase in renovation expenses for pawnshops and retail outlets in new locations.

Net cash generated from financing activities was \$7.3 million in 1H 2014 compared to \$19.1 million in 1H 2013. The lower net cash generated from financing activities in 1H 2014 was mainly due to net repayments of short-term bank borrowings in 1H 2014 as compared to net proceeds from short-term bank borrowings in 1H 2013, partially offset by advances from immediate holding company (non-trade) and lower dividend paid.

As a result of the above, there was a net decrease of \$4.2 million in the cash and cash equivalents, resulting in a cash and cash equivalents of \$7.4 million as at 30 June 2014.

4. Statements of Changes in Equity

	Attributable to shareholders of the Company		Non-controlling interests \$'000	Total \$'000
	Share Capital \$'000	Accumulated (losses)/profit \$'000		
Group				
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
Balance as at 1 January 2013				
Balance as at 1 January 2013	64,035	(411)	560	64,184
Total comprehensive income for the period	-	1,624	24	1,648
Dividends on ordinary shares	-	(2,415)	-	(2,415)
Balance as at 30 June 2013	64,035	(1,202)	584	63,417
Company				
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
Balance as at 1 January 2013				
Balance as at 1 January 2013	64,035	501	-	64,536
Total comprehensive income for the period	-	1,353	-	1,353
Dividends on ordinary shares	-	(2,415)	-	(2,415)
Balance as at 30 June 2013	64,035	(561)	-	63,474

5. Changes in Share Capital

No. of shares	Company	
	2014 \$'000	2013 \$'000
Issued and fully paid-up share capital		
Balance at 1 January	468,864	355,200
New ordinary shares issued pursuant to bonus issue (Note 1, 2 & 3)	93,773	113,664
Balance at 30 June 2014 / 31 December 2013	562,637	468,864

Note 1 - On 20 February 2013, the Company proposed a bonus issue to shareholders on the basis of one bonus share for every five existing ordinary shares in the capital of the Company which was approved by SGX-ST on 30 April 2013. The 71,039,998 bonus shares were listed and quoted on Catalist on 11 June 2013.

Note 2 - On 6 August 2013, the Company proposed a bonus issue to shareholders on the basis of one bonus share for every ten existing ordinary shares in the capital of the Company which was approved by SGX-ST on 4 September 2013. The 42,623,998 bonus shares were listed and quoted on Catalist on 28 October 2013.

Note 3 - On 19 February 2014, the Company proposed a bonus issue to shareholders on the basis of one bonus share for every five existing ordinary shares in the capital of the Company which was approved by SGX-ST on 28 April 2014. The 93,772,628 bonus shares were listed and quoted on Catalist on 27 May 2014.

The Company has no outstanding convertibles or treasury shares as at 30 June 2014 and 30 June 2013.

6. Changes in Treasury Shares

There were no sales, transfers, disposal, cancellation and / or use of treasury shares as at 30 June 2014 (30 June 2013: Nil). 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-14		As at 31-Dec-13	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
69,693	-	74,023	-

Amount repayable after one year

As at 30-Jun-14		As at 31-Dec-13	
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 Aspial 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 2013, as well as all applicable new and revised Financial Reporting Standards ("FRSs") which became effective for financial years beginning on or after 1 January 2014. 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 2014 cents	2Q 2013 cents	1H 2014 cents	1H 2013 cents
i) Basic earnings per share	0.02	0.01	0.06	0.29
ii) Diluted earnings per share	0.02	0.01	0.06	0.29
- Weighted average number of shares ('000)	562,637	562,637	562,637	562,637

11. Net Asset Value per Share

	Group		Company	
	30-Jun-14	31-Dec-13	30-Jun-14	31-Dec-13
Net asset value per ordinary share (cents)	11.12	13.53	11.35	13.67
Number of ordinary shares in issue ('000)	562,637	468,864	562,637	468,864

12. Variance from Forecast Statement

No forecast for the financial period ended 30 June 2014 was previously provided.

13. Review of Corporate Performance

The Group's revenue of \$55.5 million for 1H 2014 was marginally lower by \$1.1 million mainly due to lower revenue recorded by the retail and trading of pre-owned jewellery and watches business. The pawnbroking business continued to grow and had registered higher revenue in 1H 2014.

For 2Q 2014, the Group's revenue of \$28.6 million was 4.7% lower than 2Q 2013 due to lower revenue recorded by the retail and trading of pre-owned jewellery and watches business. The pawnbroking business had however registered higher revenue in 2Q 2014 as compared with 2Q 2013.

Revenue contribution from the pawnbroking business increased by about 2.6% in 1H 2014. The increase was primarily attributed to the higher interest income from its growing pledge book. The pledge book has reached \$185 million as at 30 June 2014, our all time high. The retail and trading of pre-owned jewellery and watches business recorded a 3.3% drop in revenue in 1H 2014 due mainly to the softening of gold price in 2Q 2014.

In 1H 2014, expenses increased across major cost categories mainly due to the increase in number of pawnshops and retail outlets from 30 stores in 1H 2013 to 36 stores in 1H 2014. The operation of the additional stores has contributed to the increase in expense items such as rental costs, employee benefits and depreciation and amortization.

At the pre-tax level, the Group's profit of \$0.3 million was \$1.5 million lower than that of the corresponding period in 2013. The lower pre-tax profit was mainly due to the increase in operating expenses incurred by the new stores. For 2Q 2014, the Group registered a pre-tax profit of \$0.01 million as the higher revenue from pawnbroking business was offset by lower revenue from retail and trading of pre-owned jewellery and watches business and higher operating expenses.

14. Business Outlook

Amid a highly competitive business environment, the Group will remain focus on building its pawnbroking business and retail and trading of pre-owned jewellery and watches business.

The Group continues to have the largest network of stores in Singapore. As at the date of this announcement, the Group has a total number of 37 stores. The pledge book value has increased to \$185 million as at 30 June 2014, the highest value recorded for the first six months of 2014. The Group intends to capture more market share by adding 3 new stores to a total of 40 stores in 2H 2014.

Brand-building efforts have been intensified to reach out to new market segments and cement top-of-mind recall for the "Maxi-Cash" brand name. In addition, the retail and trading business recently attained CaseTrust accreditation from the Consumer Association of Singapore (CASE). The accreditation reaffirms the Group's commitment to fair trading and transparency to consumers.

Looking ahead, the Group will strive to differentiate itself by being an innovator in the business.

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-14 \$'000	30-Jun-13 \$'000
Lease of premises		
8G Investment Pte Ltd	186	186
World Financial Property Pte Ltd	204	204
Corporate charges		
Aspial Corporation Limited	90 *	165
Sales Return of Pre-owned Jewellery		
Aspial-Lee Hwa Jewellery Singapore Pte Ltd	150	0
Loan Interest		
Aspial Corporation Limited	407	427
	1,037	982

* 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 2014 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Koh Lee Hwee
CEO

Koh Wee Seng
Non-Executive Chairman

7th August 2014