



## 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 2016

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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 (formerly known as 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.*

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## 1. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

### 1(i) Consolidated Statements of Comprehensive Income For The Financial Period Ended 30 June 2016 ("1H 2016")

	Group		Change %
	1H 2016 \$'000	1H 2015 \$'000	
<b>Revenue</b>	<b>76,310</b>	<b>58,577</b>	<b>30%</b>
Material costs	(53,548)	(40,374)	33%
Employee benefits	(6,857)	(6,763)	1%
Depreciation and amortisation	(697)	(876)	-20%
Finance costs	(2,289)	(1,791)	28%
Other operating expenses	(7,449)	(7,225)	3%
<b>Operating profit</b>	<b>5,470</b>	<b>1,548</b>	<b>253%</b>
Rental income	51	109	-53%
Other income	482	297	62%
<b>Profit before tax</b>	<b>6,003</b>	<b>1,954</b>	<b>207%</b>
Taxation	(786)	(212)	271%
<b>Profit for the period</b>	<b>5,217</b>	<b>1,742</b>	<b>199%</b>
<b>Profit attributable to:</b>			
Owners of the Company	5,169	1,709	202%
Non-controlling interests	48	33	45%
	<b>5,217</b>	<b>1,742</b>	<b>199%</b>
<b>Profit for the period</b>	<b>5,217</b>	<b>1,742</b>	<b>199%</b>
Other comprehensive income for the period, net of tax	-	-	-
<b>Total comprehensive income for the period</b>	<b>5,217</b>	<b>1,742</b>	<b>199%</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	5,169	1,709	202%
Non-controlling interests	48	33	45%
	<b>5,217</b>	<b>1,742</b>	<b>199%</b>
<b>Earnings per ordinary share (cents)</b>			
-Basic	<b>0.92</b>	<b>0.30</b>	<b>207%</b>
-Diluted	<b>0.92</b>	<b>0.30</b>	<b>207%</b>

#### Other information :-

	Group		Change %
	1H 2016 \$'000	1H 2015 \$'000	
Amortisation of prepaid rent	28	130	-78%
Depreciation of plant and equipment	668	746	-10%
Financial losses on pledged items not fully covered/(recovered) by insurance	14	(59)	n.m.
Foreign currency exchange gain	(48)	(26)	85%
Plant and equipment written off	198	84	136%

n.m. - Not meaningful

## 1. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (CON'T)

### 1(ii) Consolidated Statements of Comprehensive Income For The Financial Period from 1 April 2016 to 30 June 2016 ("2Q 2016")

	Group		Change %
	2Q 2016 \$'000	2Q 2015 \$'000	
<b>Revenue</b>	<b>38,980</b>	<b>29,882</b>	<b>30%</b>
Material costs	(27,594)	(20,874)	32%
Employee benefits	(3,506)	(3,511)	0%
Depreciation and amortisation	(347)	(408)	-15%
Finance costs	(1,081)	(938)	15%
Other operating expenses	(3,957)	(3,517)	13%
<b>Operating profit</b>	<b>2,495</b>	<b>634</b>	<b>294%</b>
Rental income	27	45	-40%
Other income	93	45	107%
<b>Profit before tax</b>	<b>2,615</b>	<b>724</b>	<b>261%</b>
Taxation	(284)	15	n.m.
<b>Profit for the period</b>	<b>2,331</b>	<b>739</b>	<b>215%</b>
<b>Profit attributable to:</b>			
Owners of the Company	2,303	721	219%
Non-controlling interests	28	18	56%
	<b>2,331</b>	<b>739</b>	<b>215%</b>
<b>Profit for the period</b>	<b>2,331</b>	<b>739</b>	<b>215%</b>
Other comprehensive income for the period, net of tax	-	-	-
<b>Total comprehensive income for the period</b>	<b>2,331</b>	<b>739</b>	<b>215%</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	2,303	721	219%
Non-controlling interests	28	18	56%
	<b>2,331</b>	<b>739</b>	<b>215%</b>

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 2016 and 2Q 2016 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 2016 increased slightly mainly due to the increase in basic salaries. Employee benefits expenses for 2Q 2016 remained stable at \$3.5 million.
- 1e - Lower depreciation and amortisation charges in 1H 2016 and 2Q 2016 were mainly due to the decrease in amortisation of assignment fees.
- 1f - Increase in finance costs in 1H 2016 and 2Q 2016 were mainly due to more loan drawdown and higher interest rate charged.
- 1g - Higher other operating expenses in 1H 2016 and 2Q 2016 were mainly due to higher corporate charges, SGX and CDP charges, overseas travelling expenses and postage expenses incurred.
- 1h - Lower rental income for 1H 2016 and 2Q 2016 as compared to 1H 2015 and 1Q 2016 respectively was due to fewer sub-leasing properties.
- 1i - Other income for 1H 2016 and 2Q 2016 increased mainly due to government grants such as the Wage Credit Scheme and Special Employment Credit received from CPF Board and Inland Revenue Authority of Singapore respectively.

## 2. STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30-Jun-16 \$'000	31-Dec-15 \$'000	30-Jun-16 \$'000	31-Dec-15 \$'000
<b>NON-CURRENT ASSETS</b>				
Plant and equipment	3,264	3,299	54	63
Other receivables	1,557	2,046	77	554
Investments in subsidiaries	-	-	45,000	45,000
Prepaid rent	17	42	-	-
Deferred tax assets	681	948	98	28
	<b>5,519</b>	<b>6,335</b>	<b>45,229</b>	<b>45,645</b>
<b>CURRENT ASSETS</b>				
Inventories	33,552	29,027	-	-
Trade and other receivables	232,478	215,520	791	401
Prepaid rent	50	53	-	-
Prepayments	341	627	24	27
Due from subsidiaries (non-trade)	-	-	27,868	26,195
Due from a related company (trade)	240	-	-	-
Cash and bank balances	6,727	9,472	1,630	903
	<b>273,388</b>	<b>254,699</b>	<b>30,313</b>	<b>27,526</b>
<b>TOTAL ASSETS</b>	<b>278,907</b>	<b>261,034</b>	<b>75,542</b>	<b>73,171</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	3,495	3,217	1,084	914
Due to a related company (non-trade)	126,690	51,660	-	-
Due to immediate holding company (non-trade)	8,093	8,178	8,093	8,178
Provision for taxation	1,395	790	-	29
Interest-bearing loans	66,750	129,610	-	-
	<b>206,423</b>	<b>193,455</b>	<b>9,177</b>	<b>9,121</b>
<b>Net current assets</b>	<b>66,965</b>	<b>61,244</b>	<b>21,136</b>	<b>18,405</b>
<b>NON-CURRENT LIABILITIES</b>				
Other payables	56	23	-	23
Deferred tax liabilities	51	65	-	-
	<b>107</b>	<b>88</b>	<b>-</b>	<b>23</b>
<b>TOTAL LIABILITIES</b>	<b>206,530</b>	<b>193,543</b>	<b>9,177</b>	<b>9,144</b>
<b>Net assets</b>	<b>72,377</b>	<b>67,491</b>	<b>66,365</b>	<b>64,027</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
Share capital	66,517	64,035	66,517	64,035
Revenue reserves	5,103	2,747	(152)	(8)
	<b>71,620</b>	<b>66,782</b>	<b>66,365</b>	<b>64,027</b>
Non-controlling interests	757	709	-	-
<b>Total equity</b>	<b>72,377</b>	<b>67,491</b>	<b>66,365</b>	<b>64,027</b>
<b>Net asset value per ordinary share (cents)</b>	<b>12.31</b>	<b>11.87</b>	<b>11.40</b>	<b>11.38</b>

### 2a. - Review of Financial Position

The equity attributable to owners of the Company was \$71.6 million as at 30 June 2016 as compared to \$66.8 million as at 31 December 2015. The increase was mainly attributable to the increase in share capital and profit for the period. The increase in share capital was due to ordinary shares issued under the Scrip Dividend Scheme in June 2016.

The Group's total assets of \$278.9 million as at 30 June 2016 was \$17.9 million higher than that as at 31 December 2015 mainly due to the increase in trade and other receivables (current), amount due from a related company (trade) and inventories, partially offset by the decrease in cash and bank balances, other receivables (non-current) and prepayments. 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 \$206.5 million as at 30 June 2016 was \$13.0 million higher than that as at 31 December 2015. This was mainly due to the increase in trade and other payables and amount due to a related company (non-trade). The proceeds from the amount due to a related company (non-trade) were used mainly as working capital for the Group's pawnbroking business. The increase was partially offset by the decrease in interest-bearing loans as a result of the repayments of certain short-term loans.

### 3. CONSOLIDATED STATEMENTS OF CASH FLOWS

	Group			
	2Q 2016 \$'000	2Q 2015 \$'000	1H 2016 \$'000	1H 2015 \$'000
<b>OPERATING ACTIVITIES</b>				
Profit before taxation	2,615	724	6,003	1,954
Adjustments for:				
Plant and equipment written off	116	83	198	84
Depreciation of plant and equipment	334	367	668	746
Interest expense	1,081	938	2,289	1,791
Financial losses on pledged items not fully covered by insurance	7	-	17	-
Amortisation of prepaid rent	12	42	28	130
<b>Operating profit before working capital changes</b>	<b>4,165</b>	<b>2,154</b>	<b>9,203</b>	<b>4,705</b>
(Increase)/decrease in:				
Inventories	(3,753)	(153)	(4,525)	(2,259)
Trade and other receivables	(11,910)	(8,422)	(16,486)	(6,633)
Prepayments	169	100	286	223
Due from a related company (trade)	702	-	(240)	-
Increase in:				
Trade and other payables	449	186	311	59
<b>Net cash used in operations</b>	<b>(10,178)</b>	<b>(6,135)</b>	<b>(11,451)</b>	<b>(3,905)</b>
Interest paid	(1,081)	(938)	(2,289)	(1,791)
Income taxes refund	1	-	1	-
Income taxes paid	(200)	(203)	(291)	(278)
<b>Net cash used in operating activities</b>	<b>(11,458)</b>	<b>(7,276)</b>	<b>(14,030)</b>	<b>(5,974)</b>
<b>INVESTING ACTIVITY</b>				
Purchase of plant and equipment	(485)	(220)	(831)	(319)
<b>Net cash used in investing activity</b>	<b>(485)</b>	<b>(220)</b>	<b>(831)</b>	<b>(319)</b>
<b>FINANCING ACTIVITIES</b>				
(Repayments of)/proceeds from short-term bank borrowings, net	(92,980)	25,971	(62,860)	93,560
Repayment of advances to immediate holding company (non-trade), net	(297)	(19,455)	(85)	(87,458)
Advances from a related company (non-trade), net	105,443	-	75,393	-
Dividends paid on ordinary shares	(332)	(1,125)	(332)	(1,125)
<b>Net cash generated from financing activities</b>	<b>11,834</b>	<b>5,391</b>	<b>12,116</b>	<b>4,977</b>
Net decrease in cash and cash equivalents	(109)	(2,105)	(2,745)	(1,316)
Cash and cash equivalents at beginning of period	6,836	10,053	9,472	9,264
<b>Cash and cash equivalents at end of period</b>	<b>6,727</b>	<b>7,948</b>	<b>6,727</b>	<b>7,948</b>

### 3. CONSOLIDATED STATEMENTS OF CASH FLOWS (CON'T)

#### Cash and cash equivalents

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

	1H 2016 \$'000	1H 2015 \$'000
Cash at banks and on hand	6,727	7,948
Cash and cash equivalents	6,727	7,948

#### 3a. - Cashflow Analysis

##### 2Q 2016

Net cash used in operating activities for 2Q 2016 was \$11.5 million as compared to \$7.3 million in 2Q 2015, mainly due to the increase in trade and other receivables, inventories and interest paid in 2Q 2016, partially offset by the decrease in amount due from a related company (trade), and the increase in trade and other payables and profit before taxation.

Net cash used in investing activity of \$0.5 million in 2Q 2016 was due to renovation of pawnshops and retail outlets.

Net cash generated from financing activities was \$11.8 million in 2Q 2016 as compared to \$5.4 million in 2Q 2015. This was due to higher proceeds from advances from a related company (non-trade) in 2Q 2016, partially offset by repayment of certain short-term bank borrowings.

##### 1H 2016

Net cash used in operating activities for 1H 2016 was \$14.0 million as compared to \$6.0 million for the corresponding period in the previous year. This was due to the increase in trade and other receivables, inventories, amount due from a related company (trade) and interest paid, partially offset by the increase in profit before taxation, increase in trade and other payables and the decrease in prepayments.

Net cash used in investing activity was \$0.8 million in 1H 2016 as compared to \$0.3 million in 1H 2015. The higher net cash used in investing activity in 1H 2016 was due to the increase in renovation for pawnshops and retail outlets.

Net cash generated from financing activities was \$12.1 million in 1H 2016 as compared to \$5.0 million in 1H 2015. The higher net cash generated from financing activities in 1H 2016 was mainly due to the advances from a related company (non-trade), partially offset by repayment of certain short-term bank borrowings.

As a result of the above, cash and cash equivalents was \$6.7 million as at 30 June 2016.

#### 4. STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of the Company		Non-controlling interests \$'000	Total \$'000
	Share Capital \$'000	Revenue reserves \$'000		
<b>Group</b>				
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
<b>Balance as at 1 January 2015</b>				
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
<b>Company</b>				
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
<b>Balance as at 1 January 2015</b>				
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

#### 5. CHANGES IN SHARE CAPITAL

	No. of shares '000	Issued and fully paid-up share capital (\$\$) '000
Balance at 31 December 2015 and 31 March 2016	562,637	64,035
Ordinary shares issued under Scrip Dividend Scheme (Note 1)	19,387	2,482
Balance at 30 June 2016	582,024	66,517

Note 1 - On 27 June 2016, the Company issued 19,387,675 new shares at an issue price of \$0.128 to eligible Shareholders who have elected to participate in the Company's Scrip Dividend Scheme.

The Company has no outstanding convertibles or treasury shares as at 30 June 2016 and 30 June 2015.

#### 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-16		As at 31-Dec-15	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
66,750	-	129,610	-

Amount repayable after one year

As at 30-Jun-16		As at 31-Dec-15	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	-	-	-

##### Details of collateral

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

- corporate guarantees by the Company and/or Aspial Corporation Limited (controlling shareholder of the Company); and
- 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 ending 31 December 2016 as those of the audited financial statements for the financial year ended 31 December 2015, as well as all applicable new and revised Financial Reporting Standards ("FRSs") which became effective for financial years beginning on or after 1 January 2016. 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 2016.

## 10. EARNINGS PER SHARE

	Group			
	2Q 2016 cents	2Q 2015 cents	1H 2016 cents	1H 2015 cents
i) Basic earnings per share	0.41	0.13	0.92	0.30
ii) Diluted earnings per share	0.41	0.13	0.92	0.30
- Weighted average number of shares ('000)	563,489	562,637	563,063	562,637

## 11. NET ASSET VALUE PER SHARE

	Group		Company	
	30-Jun-16	31-Dec-15	30-Jun-16	31-Dec-15
Net asset value per ordinary share (cents)	12.31	11.87	11.40	11.38
Number of ordinary shares in issue ('000)	582,024	562,637	582,024	562,637

## 12. VARIANCE FROM FORECAST STATEMENT

No forecast for the financial period ended 30 June 2016 was previously provided.

## 13. REVIEW OF CORPORATE PERFORMANCE

The Group's revenue of \$76.3 million for 1H 2016 was \$17.7 million higher than 1H 2015. The increase in revenue was contributed 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 14.3% in 1H 2016. The increase was primarily attributed to the higher interest income from its pledge book as compared to 1H 2015. Contributed by more retail and trading activities, the retail and trading of pre-owned jewellery and watches business recorded an increase of 35.1% in revenue in 1H 2016 as compared to 1H 2015.

For 2Q 2016, the Group's revenue of \$39.0 million was 30.4% higher than 2Q 2015 due to higher revenue recorded by both the pawnbroking business and the retail and trading of pre-owned jewellery and watches business.

As compared to 1H 2015 and 2Q 2015, operating expenses in 1H 2016 and 2Q 2016 increased in most categories such as material costs and finance costs but partially offset by the decrease in depreciation and amortisation.

At the pre-tax level, the Group's 1H 2016 profit of \$6.0 million was \$4.0 million higher than that of 1H 2015. For 2Q 2016, the Group reported a pre-tax profit of \$2.6 million as compared to \$0.7 million in 2Q 2015.

## 14. BUSINESS OUTLOOK

The Group expects its operating environment to remain challenging with keen competition, volatile gold prices and weak retail sentiment. To meet these challenges, the Group will have to continue to leverage on its well located stores, efficient operating system, creative sales and marketing programs, motivated staff and also seek out new business opportunities.

Following the announcement by the governing authority that pawnbrokers be allowed to sell new jewellery, the Group has progressively put in the application to the authority for each of its stores to sell new jewellery since mid April 2016. The Group has started to sell new 916 and new 999 gold jewellery under the LeGold brand in all its stores since the beginning of August 2016.



## 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.

## 16. DIVIDEND

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

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

For the avoidance of doubt, holders of the Rights Shares to be allotted and issued pursuant to the proposed Rights Issue announced by the Company separately on 8 August 2016 will not be entitled to receive the above interim dividend in respect of such Rights Shares.

(ii) Any dividend declared for the previous corresponding 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 2016 to be false or misleading in any material aspect.

## 18. 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

8th August 2016