



MAXI-CASH FINANCIAL SERVICES CORPORATION LTD

(Company Registration No: 200806968Z)

(Incorporated in the Republic of Singapore)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

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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 Goh Mei Xian, Associate Director, Corporate Finance, 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 31 March 2016 ("1Q 2016")

	Group		Change %
	1Q 2016 \$'000	1Q 2015 \$'000	
Revenue	37,330	28,695	30%
Material costs	(25,954)	(19,500)	33%
Employee benefits	(3,351)	(3,252)	3%
Depreciation and amortisation	(350)	(468)	-25%
Finance costs	(1,208)	(853)	42%
Other operating expenses	(3,492)	(3,708)	-6%
Operating profit	2,975	914	225%
Rental income	24	64	-63%
Other income	389	252	54%
Profit before tax from continuing operation	3,388	1,230	175%
Taxation	(502)	(227)	121%
Profit for the period	2,886	1,003	188%
Profit attributable to:			
Shareholders of the Company	2,866	988	190%
Non-controlling interests	20	15	33%
	2,886	1,003	188%
Profit for the period	2,886	1,003	188%
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	2,886	1,003	188%
Total comprehensive income attributable to:			
Shareholders of the Company	2,866	988	190%
Non-controlling interests	20	15	33%
	2,886	1,003	188%
Earnings per ordinary share (cents)			
-Basic	0.51	0.18	183%
-Diluted	0.51	0.18	183%

Other information :-

	Group		Change %
	1Q 2016 \$'000	1Q 2015 \$'000	
Amortisation of prepaid rent	16	88	-82%
Depreciation of plant and equipment	334	379	-12%
Financial losses on pledged items not fully covered/(recovered) by insurance	9	(47)	n.m.
Foreign currency exchange gain	(15)	(6)	150%

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 1Q 2016 as compared to 1Q 2015 was 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 1Q 2016 increased as compared to 1Q 2015 mainly due to the increase in basic salaries and bonus.
- 1e - Lower depreciation and amortisation charges in 1Q 2016 as compared to 1Q 2015 were mainly due to the decrease in amortisation of assignment fees.
- 1f - Finance costs for 1Q 2016 increased from 1Q 2015 mainly due to more loan drawdown and higher interest rate charged.
- 1g - Lower other operating expenses in 1Q 2016 as compared to 1Q 2015 was mainly due to lower rental expenses, branding expenses and legal fee.
- 1h - Lower rental income for 1Q 2016 as compared to 1Q 2015 was due to fewer sub-leasing properties.

2. STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31-Mar-16 \$'000	31-Dec-15 \$'000	31-Mar-16 \$'000	31-Dec-15 \$'000
NON-CURRENT ASSETS				
Plant and equipment	3,229	3,299	61	63
Other receivables	1,834	2,046	290	554
Investments in subsidiaries	-	-	45,000	45,000
Prepaid rent	29	42	-	-
Deferred tax assets	993	948	33	28
	6,085	6,335	45,384	45,645
CURRENT ASSETS				
Inventories	29,799	29,027	-	-
Trade and other receivables	220,298	215,520	599	401
Prepaid rent	50	53	-	-
Prepayments	510	627	34	27
Due from subsidiaries (non-trade)	-	-	29,378	26,195
Due from a related company (trade)	942	-	-	-
Cash and bank balances	6,836	9,472	914	903
	258,435	254,699	30,925	27,526
TOTAL ASSETS	264,520	261,034	76,309	73,171
CURRENT LIABILITIES				
Trade and other payables	3,079	3,217	981	914
Due to a related company (non-trade)	21,610	51,660	-	-
Due to immediate holding company (non-trade)	8,390	8,178	8,391	8,178
Provision for taxation	1,265	790	-	29
Interest-bearing loans	159,730	129,610	-	-
	194,074	193,455	9,372	9,121
Net current assets	64,361	61,244	21,553	18,405
NON-CURRENT LIABILITIES				
Other payables	23	23	-	23
Deferred tax liabilities	46	65	-	-
	69	88	-	23
TOTAL LIABILITIES	194,143	193,543	9,372	9,144
Net assets	70,377	67,491	66,937	64,027
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY				
Share capital	64,035	64,035	64,035	64,035
Revenue reserves	5,613	2,747	2,902	(8)
	69,648	66,782	66,937	64,027
Non-controlling interests	729	709	-	-
Total equity	70,377	67,491	66,937	64,027
Net asset value per ordinary share (cents)	12.38	11.87	11.90	11.38

2a. - Review of Financial Position

The equity attributable to shareholders of the Company was \$69.6 million as at 31 March 2016 as compared to \$66.8 million as at 31 December 2015. The increase was mainly attributable to the profit for the period.

The Group's total assets of \$264.5 million as at 31 March 2016 was \$3.5 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 \$194.1 million as at 31 March 2016 was \$0.6 million higher than that as at 31 December 2015. This was mainly due to the increase in interest-bearing loans and amount due to immediate holding company (non-trade). These proceeds were used mainly as working capital for the Group's pawnbroking business. The increase was partially offset by the decrease in trade and other payables and amount due to a related company (non-trade) as a result of the repayments of certain short-term advances.

3. CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	1Q 2016 \$'000	1Q 2015 \$'000
OPERATING ACTIVITIES		
Profit before taxation	3,388	1,230
Adjustments for:		
Plant and equipment written off	82	1
Depreciation of plant and equipment	334	379
Interest expense	1,208	853
Financial losses on pledged items not fully covered by insurance	10	-
Amortisation of prepaid rent	16	88
Operating profit before working capital changes	5,038	2,551
(Increase)/decrease in:		
Inventories	(772)	(2,107)
Trade and other receivables	(4,576)	1,790
Prepayments	117	123
Due from a related company (trade)	(942)	-
Decrease in:		
Trade and other payables	(138)	(127)
Net cash (used in) /generated from operations	(1,273)	2,230
Interest paid	(1,208)	(853)
Income taxes paid	(91)	(75)
Net cash (used in) /generated from operating activities	(2,572)	1,302
INVESTING ACTIVITY		
Purchase of plant and equipment	(346)	(99)
Net cash used in investing activity	(346)	(99)
FINANCING ACTIVITIES		
Proceeds from short-term bank borrowings, net	30,120	67,590
Advances from/ (Repayment of advances to) immediate holding company (non-trade), net	212	(68,004)
Repayment of advances to a related company (non-trade), net	(30,050)	-
Net cash generated from/(used in) financing activities	282	(414)
Net (decrease)/increase in cash and cash equivalents	(2,636)	789
Cash and cash equivalents at beginning of period	9,472	9,264
Cash and cash equivalents at end of period	6,836	10,053

Cash and cash equivalents

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

	1Q 2016 \$'000	1Q 2015 \$'000
Cash at banks and on hand	6,836	10,053
Cash and cash equivalents	6,836	10,053

3a. - Cashflow Analysis

Net cash used in operating activities for 1Q 2016 was \$2.6 million compared to \$1.3 million generated from operating activities in 1Q 2015, mainly due to (i) the increase in trade and other receivables; (ii) the increase in inventories; (iii) the increase in amount due from a related company; (iv) the decrease in trade and other payables; (v) the increase in interest paid in 1Q 2016; and (vi) partially offset by the increase in profit before taxation.

Net cash used in investing activity of \$0.3 million in 1Q 2016 was due to renovation of pawnshops and retail outlets.

Net cash generated from financing activities was \$0.3 million in 1Q 2016 compared to \$0.4 million used in financing activities in 1Q 2015. This was due to lower proceeds from short-term bank borrowings in 1Q 2016 partially offset by repayment of advances from a related company (non-trade).

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 2016	64,035	2,747	709	67,491
Total comprehensive income for the period	-	2,866	20	2,886
Balance as at 31 March 2016	64,035	5,613	729	70,377
Balance as at 1 January 2015				
Balance as at 1 January 2015	64,035	29	642	64,706
Total comprehensive income for the period	-	988	15	1,003
Balance as at 31 March 2015	64,035	1,017	657	65,709
Company				
Balance as at 1 January 2016	64,035	(8)	-	64,027
Total comprehensive income for the period	-	2,910	-	2,910
Balance as at 31 March 2016	64,035	2,902	-	66,937
Balance as at 1 January 2015				
Balance as at 1 January 2015	64,035	(20)	-	64,015
Total comprehensive income for the period	-	1,146	-	1,146
Balance as at 31 March 2015	64,035	1,126	-	65,161

5. CHANGES IN SHARE CAPITAL

	No. of shares '000	Issued and fully paid-up share capital (S\$) '000
As at 31 December 2015 and 31 March 2016	562,637	64,035

The Company has no outstanding convertibles or treasury shares as at 31 March 2016 and 31 March 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 31-Mar-16		As at 31-Dec-15	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
159,730	-	129,610	-

Amount repayable after one year

As at 31-Mar-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:-

- i) corporate guarantees by the Company and/or Aspiat Corporation Limited (controlling shareholder of the Company); 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 first 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 first quarter announcement for the current financial year ending 31 December 2016.

10. EARNINGS PER SHARE

	Group	
	1Q 2016 cents	1Q 2015 cents
i) Basic earnings per share	0.51	0.18
ii) Diluted earnings per share	0.51	0.18
- Weighted average number of shares ('000)	562,637	562,637

11. NET ASSET VALUE PER SHARE

	Group		Company	
	31-Mar-16	31-Dec-15	31-Mar-16	31-Dec-15
Net asset value per ordinary share (cents)	12.38	11.87	11.90	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 31 March 2016 was previously provided.

13. REVIEW OF CORPORATE PERFORMANCE

The Group's revenue of \$37.3 million for 1Q 2016 was \$8.6 million higher than 1Q 2015. The increase in revenue was contributed by both the pawnbroking business and the retail and trading of pre-owned jewellery and watches business.

With the increase in gold price in 1Q 2016, revenue contribution from both pawnbroking and retail and trading of pre-owned jewellery and watches businesses has improved. Revenue contribution from the pawnbroking business increased by 14.5% in 1Q 2016. The increase was primarily attributed to the higher interest income from its pledge book as compared to 1Q 2015. Contributed by more retail and trading activities, the retail and trading of pre-owned jewellery and watches business recorded an increase of 34.9% in revenue in 1Q 2016 as compared to 1Q 2015.

As compared to 1Q 2015, operating expenses in 1Q 2016 decreased in most categories but partially offset by the increase in employee benefits and finance cost with higher interest rates charged and increase in bank borrowings.

At the pre-tax level, the Group's profit of \$3.4 million for 1Q 2016 was \$2.2 million higher than 1Q 2015.

14. BUSINESS OUTLOOK

The business environment continues to be challenging with keen competition and weak retail sentiment. However with the strengthening of gold price in 1Q 2016, we had managed to increase both the revenue and earnings from our pawnbroking and sales of pre-owned jewellery and watches.

We will continue with our various initiatives to actively engage our existing and potential customers to grow our loan book. For sales of pre-owned jewellery and watches, we will increase our sales effort to tap the potential of the market for these pre-owned products.

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?
No
- (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 first quarter ended 31 March 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

11th May 2016