



**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 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 31 March 2014 ("1Q2014")

	Group		Change %
	1Q 2014 \$'000	1Q 2013 \$'000	
<b>Revenue</b>	<b>26,927</b>	<b>26,656</b>	<b>1%</b>
Material costs	(19,453)	(18,702)	4%
Employee benefits	(2,747)	(2,059)	33%
Depreciation and amortisation	(437)	(374)	17%
Finance costs	(663)	(696)	-5%
Other operating expenses	(3,772)	(3,325)	13%
<b>Operating (loss)/profit</b>	<b>(145)</b>	<b>1,500</b>	<b>n.m.</b>
Rental income	208	134	55%
Other income	204	44	364%
<b>Profit before tax from continuing operation</b>	<b>267</b>	<b>1,678</b>	<b>-84%</b>
Taxation	(51)	(87)	-41%
<b>Profit for the period</b>	<b>216</b>	<b>1,591</b>	<b>-86%</b>
<b>Profit attributable to:</b>			
Shareholders of the Company	202	1,576	-87%
Non-controlling interests	14	15	-7%
	<b>216</b>	<b>1,591</b>	<b>-86%</b>
<b>Profit for the period</b>	<b>216</b>	<b>1,591</b>	<b>-86%</b>
Other comprehensive income for the period, net of tax	-	-	-
<b>Total comprehensive income for the period</b>	<b>216</b>	<b>1,591</b>	<b>-86%</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders of the Company	202	1,576	-87%
Non-controlling interests	14	15	-7%
	<b>216</b>	<b>1,591</b>	<b>-86%</b>
<b>Earnings per ordinary share (cents)</b>			
-Basic	0.04	0.44	-91%
-Diluted	0.04	0.44	-91%

#### Other information :-

	Group		Change %
	1Q 2014 \$'000	1Q 2013 \$'000	
Amortisation of prepaid rent	95	95	-
Depreciation of property, plant and equipment	342	279	23%
Financial losses on pledged items not fully covered by insurance	39	36	8%
Recovery of allowance for doubtful debts	(46)	-	n.m.
Foreign currency exchange gain	(20)	(29)	-31%
Manufacturing and melting loss	14	12	17%
Rental income	(208)	(134)	55%

n.m - Not meaningful

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

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**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 2014 was generally in line with the increase in revenue from the retail and trading of pre-owned jewellery and watches business and the increase in sales of unredeemed pledges.
- 1d - Employee benefits expenses for 1Q 2014 increased mainly due to the increase in number of employees, as the Group has more pawnshops and retail outlets as at 31 March 2014 as compared to 31 March 2013.
- 1e - Higher depreciation charges in 1Q 2014 was due to the increase in depreciation of plant and equipment for new pawnshops and retail outlets.
- 1f - Finance costs for 1Q 2014 decreased mainly due to lower interest rate incurred.
- 1g - Higher other operating expenses in 1Q 2014 was mainly due to the increase in rental costs for new pawnshops and retail outlets in new locations.
- 1h - The higher rental income for 1Q 2014 compared to 1Q 2013 was due to more leased properties for sub-leasing and bad debt recovered from one of the tenants.
- 1i - Other income for 1Q 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	
	31-Mar-14 \$'000	31-Dec-13 \$'000	31-Mar-14 \$'000	31-Dec-13 \$'000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	4,047	3,734	62	64
Investments in subsidiaries	-	-	45,000	45,000
Other receivables	1,662	1,484	1,662	1,484
Prepaid rent	95	143	-	47
Deferred tax assets	1,004	871	62	62
	<b>6,808</b>	<b>6,232</b>	<b>46,786</b>	<b>46,657</b>
<b>CURRENT ASSETS</b>				
Inventories	26,698	22,073	-	-
Trade and other receivables	184,657	188,233	605	697
Prepaid rent	367	379	260	283
Prepayments	825	381	76	126
Due from subsidiaries (non-trade)	-	-	47,891	28,635
Cash and bank balances	8,387	11,601	1,972	2,426
	<b>220,934</b>	<b>222,667</b>	<b>50,804</b>	<b>32,167</b>
<b>TOTAL ASSETS</b>	<b>227,742</b>	<b>228,899</b>	<b>97,590</b>	<b>78,824</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	2,986	3,343	926	1,111
Due to immediate holding company (non-trade)	25,736	86,404	12,538	13,486
Provision for taxation	1,068	883	9	8
Short-term notes	20,000	-	20,000	-
Interest-bearing loans and borrowings	113,487	74,023	-	-
	<b>163,277</b>	<b>164,653</b>	<b>33,473</b>	<b>14,605</b>
<b>Net current assets</b>	<b>57,657</b>	<b>58,014</b>	<b>17,331</b>	<b>17,562</b>
<b>NON-CURRENT LIABILITIES</b>				
Other payables	147	145	147	145
Deferred tax liabilities	80	79	-	-
	<b>227</b>	<b>224</b>	<b>147</b>	<b>145</b>
<b>TOTAL LIABILITIES</b>	<b>163,504</b>	<b>164,877</b>	<b>33,620</b>	<b>14,750</b>
<b>Net assets</b>	<b>64,238</b>	<b>64,022</b>	<b>63,970</b>	<b>64,074</b>
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY</b>				
Share capital	64,035	64,035	64,035	64,035
Accumulated (losses)/profit	(409)	(611)	(64)	39
	<b>63,626</b>	<b>63,424</b>	<b>63,971</b>	<b>64,074</b>
Non-controlling interests	612	598	-	-
<b>Total equity</b>	<b>64,238</b>	<b>64,022</b>	<b>63,971</b>	<b>64,074</b>
<b>Net asset value per ordinary share (cents)</b>	<b>13.57</b>	<b>13.53</b>	<b>13.64</b>	<b>13.67</b>

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## 2. Statements of Financial Position (Con't)

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### 2a. - Review of Financial Position

The equity attributable to shareholders of the Company was \$63.6 million as at 31 March 2014 as compared to \$63.4 million as at 31 December 2013. The increase was attributable to the profit for the period.

The Group's total assets of \$227.7 million as at 31 March 2014 was \$1.2 million lower than that as at 31 December 2013 mainly due to the decrease in trade and other receivables and cash and bank balances, partially offset by the increase in inventories. The decrease in trade and other receivables was due to the decrease in pledge book for the Group's pawnbroking business. 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 Group's total liabilities of \$163.5 million as at 31 March 2014 was \$1.4 million lower than that as at 31 December 2013. This was mainly due to the decrease in amount due to immediate holding company (non-trade), partially offset by the increase in interest-bearing loans and borrowings and the Group's issuance of a total of \$20 million of multicurrency medium term notes ("MMTN"). The decrease in amount due to immediate holding company (non-trade) was due to the repayments of certain borrowings by the Group to the immediate holding company. The additional loans and the issuance of MMTN were used mainly as working capital for the Group's pawnbroking business.

**3. Consolidated Statement of Cash Flows For The Financial Period Ended 31 March 2014**

	Group	
	1Q 2014 \$'000	1Q 2013 \$'000
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	267	1,678
Adjustments for:		
Depreciation of property, plant and equipment	342	279
Recovery of allowance for doubtful debts	(46)	-
Interest expense	663	696
Amortisation of prepaid rent	95	95
<b>Operating profit before working capital changes</b>	<b>1,321</b>	<b>2,748</b>
(Increase)/decrease in:		
Inventories	(4,625)	382
Trade and other receivables	3,444	(5,725)
Prepayments	(444)	(919)
Decrease in:		
Trade and other payables	(355)	(179)
<b>Net cash used in operations</b>	<b>(659)</b>	<b>(3,693)</b>
Interest paid	(663)	(696)
Income taxes refund	58	36
Income taxes paid	(56)	(130)
<b>Net cash used in operating activities</b>	<b>(1,320)</b>	<b>(4,483)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(655)	(377)
Increase in prepaid rent	(35)	-
<b>Net cash used in investing activities</b>	<b>(690)</b>	<b>(377)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from short-term notes	20,000	-
Proceeds from short-term bank borrowings	71,050	72,304
Repayments of short-term bank borrowings	(31,580)	(52,460)
Repayments of finance lease obligations	(6)	(14)
Repayments of advances from immediate holding company (non-trade)	(60,668)	(15,812)
<b>Net cash (used in)/generated from financing activities</b>	<b>(1,204)</b>	<b>4,018</b>
Net decrease in cash and cash equivalents	(3,214)	(842)
Cash and cash equivalents at beginning of period	11,601	7,518
<b>Cash and cash equivalents at end of period</b>	<b>8,387</b>	<b>6,676</b>

### 3. Consolidated Statement of Cash Flows For The Financial Period Ended 31 March 2014 (Con't)

Cash and cash equivalents

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

	1Q 2014 \$'000	1Q 2013 \$'000
Cash at banks and in hand	8,387	6,676
<b>Cash and cash equivalents</b>	<b>8,387</b>	<b>6,676</b>

3a. - Cashflow Analysis

**1Q 2014**

Net cash used in operating activities for 1Q 2014 was \$1.3 million compared to \$4.5 million in 1Q 2013. The decrease was mainly due to decrease in trade and other receivables partially offset by increase in inventories and lower profit for the period.

Net cash used in investing activities of \$0.7 million in 1Q 2014 was due to renovation for pawnshops and retail outlets in new locations.

Net cash used in financing activities was \$1.2 million in 1Q 2014 compared to \$4.0 million generated in 1Q 2013. The net cash used in financing activities in 1Q 2014 was due to higher repayments of advances from immediate holding company (non-trade), partially offset by proceeds raised from the issuance of short-term notes and lower repayments of short-term bank borrowings.

#### 4. Statements of Changes in Equity

	Attributable to shareholders of the Company		Non-controlling interests	Total
	Share Capital	Accumulated (losses)/profit		
	\$'000	\$'000	\$'000	\$'000
<b>Group</b>				
Balance as at 1 January 2014	64,035	(611)	598	64,022
Total comprehensive income for the period	-	202	14	216
Balance as at 31 March 2014	64,035	(409)	612	64,238
Balance as at 1 January 2013	64,035	(411)	560	64,184
Total comprehensive income for the period	-	1,576	15	1,591
Balance as at 31 March 2013	64,035	1,165	575	65,775
<b>Company</b>				
Balance as at 1 January 2014	64,035	39	-	64,074
Total comprehensive income for the period	-	(103)	-	(103)
Balance as at 31 March 2014	64,035	(64)	-	63,971
Balance as at 1 January 2013	64,035	501	-	64,536
Total comprehensive income for the period	-	(28)	-	(28)
Balance as at 31 March 2013	64,035	473	-	64,508



## 5. Changes in Share Capital

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

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.

The Company has no outstanding convertibles or treasury shares as at 31 March 2014 and 31 March 2013.

## 6. Changes in Treasury Shares

There were no sales, transfers, disposal, cancellation and / or use of treasury shares as at 31 March 2014 (31 March 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 31-Mar-14		As at 31-Dec-13	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
113,487	20,000	74,023	-

Amount repayable after one year

As at 31-Mar-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 first 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 first quarter announcement for the current financial year.

## 10. Earnings per Share

	Group	
	31-Mar-14 cents	31-Mar-13 cents
i) Basic earnings per share	0.04	0.44
ii) Diluted earnings per share	0.04	0.44
- Weighted average number of shares ('000)	468,864	355,200

## 11. Net Asset Value per Share

	Group		Company	
	31-Mar-14	31-Dec-13	31-Mar-14	31-Dec-13
Net asset value per ordinary share (cents)	13.57	13.53	13.64	13.67
Number of ordinary shares in issue ('000)	468,864	468,864	468,864	468,864

## 12. Variance from Forecast Statement

No forecast for the financial period ended 31 March 2014 was previously provided.

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### 13. Review of Corporate Performance

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The Group registered a marginal growth in 1Q 2014. Revenue grew by \$0.3 million to \$26.9 million, 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 about 1.7% in 1Q 2014. The increase was primarily attributed to the higher interest income from its growing pledge book as compared to the corresponding quarter in 2013. The retail and trading of pre-owned jewellery and watches business recorded a marginal increase in revenue in 1Q 2014.

In 1Q 2014, expenses increased across major cost categories mainly due to the increase in number of pawnshops and retail outlets from 29 stores in 1Q 2013 to 35 stores in 1Q 2014. The operation of the additional stores had contributed to the increase in expenses such as rental costs, employee benefits expenses as well as depreciation and amortization expenses.

At the pre-tax level, the Group's profit of \$0.3 million was \$1.4 million lower than that of the corresponding quarter in 2013. The higher revenue was offset by the increase in operating expenses incurred by the new stores.

The average gold prices had increased steadily from an average of USD\$1,244.8 per ounce in January 2014 to USD\$1,336.1 in March 2014. On a quarter-on-quarter basis, the average gold price increased by 1.7% in the 1Q 2014, as compared to a decrease by 6.1% and 4.1% in the 3Q 2013 and the 4Q 2013, respectively.

With the improvements in gold prices, the Group recorded its first month of profit from the sales of unredeemed pledges since April 2013, in March 2014. The substantial drop in gold price since January 2013 had resulted in losses from the sales of unredeemed pledges from April 2013 to February 2014. The Group had also achieved better margins for its retail operation in 1Q 2014.

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### 14. Business Outlook

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Business conditions continue to be challenging in 1Q2014 in a highly competitive environment.

The Group will continue to capitalize on its current largest network of 35 stores and highest pledge book value in Singapore as well as the leader and innovator in the pawnbroking industry to capture more market share.

The Group expects to open more new stores in the next few months.

The Group will further reinforced its leadership with the "Maxi-Cash" brand name through Corporate Social Responsibility and brand campaigns that reached out to new market segments.

The new generation refreshed store opens up a new chapter for Maxi-Cash by making the brand relevant and even more approachable to customers. The Group is constantly innovating and taking the lead to provide customers with the best service in the industry. With the new generation store that draws stronger inference to banks, the Group seeks to further enhance the pawning experience for its customers.

Barring unforeseen circumstances, the Group expects to grow its pledge book value and revenue of its retail and trading of pre-owned jewellery and watch business in FY2014.

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## 15. Interested Person Transactions

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The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii) of the Catalyst 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 Catalyst Rules)	
	31-Mar-14 \$'000	31-Mar-13 \$'000
<b>Lease of premises</b>		
8G Investment Pte Ltd	93 *	93
World Financial Property Pte Ltd	102	102
<b>Corporate charges</b>		
Aspial Corporation Limited	45 *	120
<b>Loan Interest</b>		
Aspial Corporation Limited	279	243
	<b>519</b>	<b>558</b>

\* These interested person transactions will amount to more than \$100,000 each on an annual basis.

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## 16. Dividend

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

*No*

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

*No*

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

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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 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

7 May 2014