



MAXI-CASH FINANCIAL SERVICES CORPORATION LTD

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

**UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FINANCIAL PERIOD
ENDED 31 MARCH 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 STATEMENT OF COMPREHENSIVE INCOME

Consolidated Statements of Comprehensive Income For The Financial Period Ended 31 March 2017 ("1Q 2017")

	Group		Change %
	1Q 2017 \$'000	1Q 2016 \$'000	
Revenue	44,142	37,330	18%
Material costs	(30,720)	(25,954)	18%
Employee benefits	(3,861)	(3,351)	15%
Depreciation and amortisation	(357)	(350)	2%
Finance costs	(1,155)	(1,208)	-4%
Other operating expenses	(4,788)	(3,492)	37%
Rental income	59	24	146%
Other income	159	389	-59%
Profit before tax	3,479	3,388	3%
Taxation	(501)	(502)	0%
Profit for the period	2,978	2,886	3%
Profit attributable to:			
Owners of the Company	2,957	2,866	3%
Non-controlling interests	21	20	5%
	2,978	2,886	3%
Profit for the period	2,978	2,886	3%
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	2,978	2,886	3%
Total comprehensive income attributable to:			
Owners of the Company	2,957	2,866	3%
Non-controlling interests	21	20	5%
	2,978	2,886	3%
Earnings per ordinary share (cents)			
-Basic	0.41	0.51	-20%
-Diluted	0.41	0.51	-20%

Other information :-

	Group		Change %
	1Q 2017 \$'000	1Q 2016 \$'000	
Amortisation of prepaid rent	13	16	-19%
Depreciation of plant and equipment	344	334	3%
Financial losses on pledged items not fully covered by insurance	7	9	-22%
Foreign currency exchange gain	(32)	(15)	113%
Loss on disposal of plant and equipment	23	80	-71%

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 2017 as compared to 1Q 2016 was in line with the increase in revenue from the retail and trading of jewellery, watches and branded bags business.
- 1d - Employee benefits expenses for 1Q 2017 increased as compared to 1Q 2016 mainly due to the increase in number of employees, basic salaries and performance bonus.
- 1e - Higher depreciation and amortisation charges in 1Q 2017 as compared to 1Q 2016 were mainly due to the increase in depreciation of plant and equipment.
- 1f - Finance costs for 1Q 2017 decreased from 1Q 2016 mainly due to lower interest rate charged.
- 1g - Higher other operating expenses in 1Q 2017 as compares to 1Q 2016 was mainly due to higher branding, exhibition and rental expenses, commission fees, directors' fees and overseas travelling expenses incurred.
- 1h - Higher rental income for 1Q 2017 as compared to 1Q 2016 was due to a new sub-lease commencing in July 2016.
- 1i - Decrease of other income for 1Q 2017 as compared to 1Q 2016 mainly due to lower government grants received such as the Wage Credit Scheme.

2. STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31-Mar-17 \$'000	31-Dec-16 \$'000	31-Mar-17 \$'000	31-Dec-16 \$'000
NON-CURRENT ASSETS				
Plant and equipment	4,484	4,162	67	69
Other receivables	1,844	1,714	-	-
Investments in subsidiaries	-	-	45,000	45,000
Prepaid rent	-	-	-	-
Deferred tax assets	421	363	79	67
	6,749	6,239	45,146	45,136
CURRENT ASSETS				
Inventories	44,306	43,211	-	-
Trade and other receivables	249,312	246,278	397	538
Prepaid rent	29	42	-	-
Prepayments	2,570	852	53	20
Due from subsidiaries (non-trade)	-	-	41,198	43,165
Due from a related company (trade)	-	97	1,540	7
Cash and bank balances	9,568	10,542	2,033	1,502
	305,785	301,022	45,221	45,232
TOTAL ASSETS	312,534	307,261	90,367	90,368
CURRENT LIABILITIES				
Trade and other payables	5,621	5,576	2,057	1,999
Due to immediate holding company (non-trade)	-	11	-	7
Due to related companies (non-trade)	6,720	29,570	-	-
Provision for taxation	2,320	1,782	-	-
Interest-bearing loans	198,163	173,550	-	-
	212,824	210,489	2,057	2,006
Net current assets	92,961	90,533	43,164	43,226
NON-CURRENT LIABILITIES				
Other payables	33	56	-	-
Deferred tax liabilities	77	94	-	-
	110	150	-	-
TOTAL LIABILITIES	212,934	210,639	2,057	2,006
Net assets	99,600	96,622	88,310	88,362
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital	87,439	87,439	87,439	87,439
Revenue reserves	11,330	8,373	871	923
	98,769	95,812	88,310	88,362
Non-controlling interests	831	810	-	-
Total equity	99,600	96,622	88,310	88,362
Net asset value per ordinary share (cents)	13.58	13.17	12.14	12.15

2a. - Review of Financial Position

The equity attributable to the owners of the Company was \$98.8 million as at 31 March 2017 as compared to \$95.8 million as at 31 December 2016. The increase was mainly attributable to the increase in profit for the period.

The Group's total assets of \$312.5 million as at 31 March 2017 was \$5.3 million higher than that as at 31 December 2016 mainly due to the increase in trade and other receivables (current), prepayments, plant and equipment and inventories, partially offset by the decrease in cash and bank balances and amount due from a related company (trade). The increase in trade and other receivables was due to the increase in pledge book for the Group's pawnbroking business. The increase in prepayments was mainly due to deposits paid to purchase properties.

The Group's total liabilities of \$212.9 million as at 31 March 2017 was \$2.3 million higher than that as at 31 December 2016. This was mainly due to the increase in interest-bearing loans which was partially offset by the decrease in amount due to related companies (non-trade). The proceeds from interest-bearing loans were used mainly as working capital and repayments of certain amounts due to related companies.

3. CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	1Q 2017 \$'000	1Q 2016 \$'000
OPERATING ACTIVITIES		
Profit before taxation	3,479	3,388
Adjustments for:		
Depreciation of plant and equipment	344	334
Write down of inventories	1	-
Interest expense	1,155	1,208
Financial losses on pledged items not fully covered by insurance	7	10
Loss on disposal of plant and equipment	23	82
Amortisation of prepaid rent	13	16
Operating profit before changes in working capital	5,022	5,038
(Increase)/decrease in:		
Inventories	(1,096)	(772)
Trade and other receivables	(3,171)	(4,576)
Prepayments	(1,718)	117
Due from a related company (trade)	97	(942)
Increase/(decrease) in:		
Trade and other payables	22	(138)
Cash flows used in operations	(844)	(1,273)
Interest paid	(1,155)	(1,208)
Income taxes paid	(38)	(91)
Net cash flows used in operating activities	(2,037)	(2,572)
INVESTING ACTIVITY		
Purchase of plant and equipment	(689)	(346)
Net cash flows used in investing activity	(689)	(346)
FINANCING ACTIVITIES		
Proceeds from short-term bank borrowings, net	24,613	30,120
(Repayment of advances) / advances from immediate holding company (non-trade), net	(11)	212
Repayment of advances from a related company (non-trade), net	(22,850)	(30,050)
Net cash flows generated from financing activities	1,752	282
Net decrease in cash and cash equivalents	(974)	(2,636)
Cash and cash equivalents at the beginning of period	10,542	9,472
Cash and cash equivalents at the end of period	9,568	6,836

Cash and cash equivalents

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

	1Q 2017 \$'000	1Q 2016 \$'000
Cash at banks and on hand	9,568	6,836
Cash and cash equivalents	9,568	6,836

3a. - Cashflow Analysis

Net cash used in operating activities for 1Q 2017 was \$2.0 million compared to \$2.6 million for 1Q 2016. This was due to the increase in trade and other receivables, inventories and prepayments, partially offset by the profit for the period. The increase in prepayments was mainly due to deposits paid to purchase properties.

Net cash used in investing activity was \$0.7 million in 1Q 2017 as compared to \$0.3 million in 1Q 2016. The net cash used in investing activity was due to renovation for pawnshops and retail outlets.

Net cash generated from financing activities was \$1.8 million in 1Q 2017 as compared to \$0.3 million in 1Q 2016. The higher net cash generated from financing activities was mainly due to the proceeds from short-term bank borrowings, partially offset by repayment of the advances from the immediate holding company (non-trade).

4. STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company		Non-controlling interests \$'000	Total \$'000
	Share Capital \$'000	Revenue reserves \$'000		
Group				
Balance as at 1 January 2017	87,439	8,373	810	96,622
Total comprehensive income for the period	-	2,957	21	2,978
Balance as at 31 March 2017	87,439	11,330	831	99,600
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	-	2,866	20	2,886
Balance as at 31 March 2016	64,035	5,613	729	70,377
Company				
Balance as at 1 January 2017	87,439	923	-	88,362
Total comprehensive income for the period	-	(52)	-	(52)
Balance as at 31 March 2017	87,439	871	-	88,310
Balance as at 1 January 2016				
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

5. CHANGES IN SHARE CAPITAL

	No. of shares '000	Issued and fully paid-up share capital (\$) '000
As at 31 December 2016 and 31 March 2017	727,530	87,439

The Company has no outstanding convertibles, treasury shares or subsidiary holdings as at 31 March 2017 and 31 March 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 31-Mar-17		As at 31-Dec-16	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
198,163	-	173,550	-

Amount repayable after one year

As at 31-Mar-17		As at 31-Dec-16	
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.

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 first 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 first quarter announcement for the current financial year ending 31 December 2017.

11. EARNINGS PER SHARE

	Group	
	1Q 2017 cents	1Q 2016 cents
i) Basic earnings per share	0.41	0.51
ii) Diluted earnings per share	0.41	0.51
- Weighted average number of shares ('000)	727,530	562,637

12. NET ASSET VALUE PER SHARE

	Group		Company	
	31-Mar-17	31-Dec-16	31-Mar-17	31-Dec-16
Net asset value per ordinary share (cents)	13.58	13.17	12.14	12.15
Number of ordinary shares in issue ('000)	727,530	727,530	727,530	727,530

13. VARIANCE FROM FORECAST STATEMENT

No forecast for the financial period ended 31 March 2017 was previously provided.

14. REVIEW OF CORPORATE PERFORMANCE

The Group's revenue of \$44.1 million for 1Q 2017 was \$6.8 million higher than 1Q 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 1Q 2017 as compared to 1Q 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 20.6% increase in revenue in 1Q 2017 as compared to 1Q 2016.

The Group continued to record higher pre-tax profit in 1Q 2017. Although it recorded double digit growth in revenue, the pre-tax profit increased marginally by 2.9% from \$3.4 million in 1Q 2016 to \$3.5 million in 1Q 2017. This was due to the substantial increase in branding costs for the major marketing campaigns for LeGold and LuxeStyle in 1Q 2017. Excluding the branding cost of \$0.7 million for the marketing campaigns, the pre-tax profit would have been \$4.2 million.

15. BUSINESS OUTLOOK

The Group's pawnbroking and retail business continue to operate under very competitive environment with rising operating costs, volatile gold price and a weak retail sentiment. The Group will continue to review its store network, branding, innovation and operational efficiencies in order to maintain its market leadership. One of our initiative was to group branded bags, watches and jewellery under LuxeSTYLE so as to provide greater focus in our sales of these products.

To fund the expansion of the Group's pawnbroking business, retail business and other businesses, the Group issued notes totaling S\$50 million on 27 April 2017 under its S\$300 million Multicurrency Medium Term Note Programme.

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?

No

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

No

**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 first quarter ended 31 March 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

9th May 2017