



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 2018

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This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital 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.

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1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated Statement of Comprehensive Income For The Financial Period Ended 31 March 2018 ("1Q 2018")

	Group		Change %
	1Q 2018 \$'000	1Q 2017 \$'000	
Revenue	52,830	44,142	20%
Material costs	(35,596)	(30,720)	16%
Employee benefits	(4,804)	(3,861)	24%
Depreciation and amortisation	(486)	(357)	36%
Finance costs	(2,504)	(1,155)	117%
Other operating expenses	(7,720)	(4,788)	61%
Interest income	680	-	n.m.
Rental income	88	59	49%
Other income	235	159	48%
Share of results of joint venture	(137)	-	n.m.
Profit before tax	2,586	3,479	-26%
Taxation	(753)	(501)	50%
Profit for the period	1,833	2,978	-38%
Other comprehensive income			
Net fair value change of available-for-sale financial assets	(850)	-	n.m.
Foreign currency translation	(1)	-	n.m.
Other comprehensive income for the period, net of tax	(851)	-	n.m.
Total comprehensive income for the period	982	2,978	-67%
Profit attributable to:			
Owners of the Company	1,805	2,957	-39%
Non-controlling interests	28	21	33%
	1,833	2,978	-38%
Total comprehensive income attributable to:			
Owners of the Company	954	2,957	-68%
Non-controlling interests	28	21	33%
	982	2,978	-67%
Earnings per ordinary share (cents)			
-Basic	0.18	0.41	-56%
-Diluted	0.18	0.41	-56%

Other information :-

	Group		Change %
	1Q 2018 \$'000	1Q 2017 \$'000	
Amortisation of prepaid rent	-	13	n.m.
Depreciation of plant and equipment	486	344	41%
Financial losses on items not fully covered by insurance	5	7	-29%
Foreign currency exchange loss/(gain), net	2,247	(32)	n.m.
Loss on disposal of plant and equipment, net	1	23	-95%

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 2018 was generally in line with the increase in revenue from the retail and trading of jewellery and branded merchandise business.
- 1d - Higher employee benefits expenses for 1Q 2018 as compared to 1Q 2017 was mainly due to the increase in number of employees and basic salaries with more shops in operation.
- 1e - Higher depreciation and amortisation charges in 1Q 2018 was mainly due to the increase in depreciation of plant and equipment.
- 1f - Increase in finance costs for 1Q 2018 were mainly due to higher loan and interest accrued for multicurrency medium term notes issued in financial year 2017.
- 1g - Higher other operating expenses in 1Q 2018 was mainly due to higher rental and exhibition expenses, foreign currency exchange loss (mainly unrealised), other professional fee for secured loans and amortisation of multicurrency medium term notes programme establishment and issuance
- 1h - Interest income for 1Q 2018 was mainly from investment securities.
- 1i - Higher rental income for 1Q 2018 was mainly due to new leases.
- 1j - Increase in other income for 1Q 2018 was mainly due to government grants received such as the Wage Credit Scheme.

2. STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31-Mar-18 \$'000	31-Dec-17 \$'000	31-Mar-18 \$'000	31-Dec-17 \$'000
NON-CURRENT ASSETS				
Property, plant and equipment	22,830	16,191	184	178
Trade and other receivables	45,305	45,891	-	16
Investment in subsidiaries	-	-	46,100	46,100
Investment in joint venture	144	282	500	500
Deferred tax assets	438	295	127	110
	68,717	62,659	46,911	46,904
CURRENT ASSETS				
Inventories	53,254	51,807	-	-
Trade and other receivables	268,021	273,361	28	12
Prepaid rent	-	-	-	-
Prepayments	1,584	2,325	620	699
Due from subsidiaries (non-trade)	-	-	156,647	142,568
Due from a related company (trade)	46	-	-	-
Due from joint venture (non-trade)	2,865	2,590	2,865	2,590
Investment securities	58,240	36,105	-	-
Cash and bank balances	26,304	17,694	1,150	740
	410,314	383,882	161,310	146,609
	479,031	446,541	208,221	193,513
TOTAL ASSETS				
CURRENT LIABILITIES				
Trade and other payables	7,745	6,769	4,114	2,997
Due to related companies (non-trade)	-	42	-	42
Provision for taxation	2,457	1,843	-	-
Interest-bearing loans	241,017	230,375	-	-
	251,219	239,029	4,114	3,039
Net current assets	159,095	144,853	157,196	143,570
NON-CURRENT LIABILITIES				
Other payables	406	239	59	74
Interest-bearing loans	12,998	7,624	-	-
Term notes	70,000	70,000	70,000	70,000
Deferred tax liabilities	281	307	-	-
	83,685	78,170	70,059	70,074
TOTAL LIABILITIES	334,904	317,199	74,173	73,113
Net assets	144,127	129,342	134,048	120,400
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital	132,169	118,367	132,169	118,367
Treasury shares	(165)	(165)	(165)	(165)
Other reserves	(545)	305	-	-
Revenue reserves	11,723	9,918	2,044	2,198
	143,182	128,425	134,048	120,400
Non-controlling interests	945	917	-	-
Total equity	144,127	129,342	134,048	120,400
Net asset value per ordinary share (cents)	14.35	14.10	13.44	13.22

2a. - Review of Financial Position

The equity attributable to owners of the Company was \$143.2 million as at 31 March 2018 as compared to \$128.4 million as at 31 December 2017. The increase was mainly attributable to the increase in share capital and reserves. The increase in share capital was due to issuance of 87,125,632 new ordinary shares pursuant to the Rights Issue in January 2018. The increase in revenue reserves was mainly due to profit for the period.

The Group's total assets of \$479.0 million as at 31 March 2018 was \$32.5 million higher than that as at 31 December 2017 mainly due to the increase in investment securities, cash and bank balances, property, plant and equipment, inventories, amount due from joint venture (non-trade), partially offset by the decrease in trade and other receivables and prepayments. The increase in property, plant and equipment was mainly due to the acquisition of leasehold property. The investment securities were pertaining to the bonds acquired by the Group. The decrease in current trade and other receivables was mainly due to the scheduled repayment received from secured loan.

The Group's total liabilities of \$334.9 million as at 31 March 2018 was \$17.7 million higher than that as at 31 December 2017. This was mainly due to the increase in interest-bearing loans and trade and other payables which was partially offset by the decrease in amount due to related companies (non-trade).

3. CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	1Q 2018 \$'000	1Q 2017 \$'000
OPERATING ACTIVITIES		
Profit before tax	2,586	3,479
Adjustments for:		
Depreciation of property, plant and equipment	486	344
Write-down of inventories	-	1
Interest expense	2,446	1,155
Interest income from investment securities	(680)	-
Amortisation of prepaid commitment fee	71	-
Amortisation of premium on term notes	(13)	-
Financial losses on items not fully covered by insurance	5	7
Loss on disposal of property, plant and equipment	1	23
Gain on disposal of investment securities	(5)	-
Amortisation of prepaid rent	-	13
Unrealised foreign exchange differences	2,073	-
Share of results of joint venture	137	-
Operating profit before changes in working capital	7,107	5,022
(Increase)/decrease in:		
Inventories	(1,447)	(1,096)
Trade and other receivables	3,845	(3,171)
Prepayments	671	(1,718)
Due from a related company (trade)	(46)	97
Increase in:		
Trade and other payables	1,171	22
Cash flows generated from/(used in) operations	11,301	(844)
Interest paid	(2,446)	(1,155)
Interest received	11	-
Income taxes paid	(133)	(38)
Net cash flows generated from/(used in) operating activities	8,733	(2,037)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(7,126)	(689)
Interest received	669	-
Purchase of investment securities	(32,162)	-
Due from a joint venture (non-trade)	(275)	-
Proceeds from disposal of investment securities	8,995	-
Net cash flows used in investing activities	(29,899)	(689)
FINANCING ACTIVITIES		
Proceeds from short-term bank borrowings, net	10,401	24,613
Proceeds from term loans	5,678	-
Repayment of term loans	(63)	-
Repayment of advances from immediate holding company (non-trade), net	-	(11)
Repayment of advances from related company (non-trade), net	(42)	(22,850)
Proceeds from rights issue, net	13,802	-
Net cash flows generated from financing activities	29,776	1,752
Net increase/(decrease) in cash and cash equivalents	8,610	(974)
Cash and cash equivalents at the beginning of the financial period	17,694	10,542
Cash and cash equivalents at the end of the financial period	26,304	9,568

Cash and cash equivalents

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

	1Q 2018 \$'000	1Q 2017 \$'000
Cash at banks and on hand	26,304	9,568
Cash and cash equivalents	26,304	9,568

3. CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

3a. - Cashflow Analysis

1Q 2018

Net cash generated from operating activities for 1Q 2018 was \$8.7 million compared to \$2.0 million net cash used in operating activities for 1Q 2017. This was due to the decrease in trade and other receivables, prepayments, increase in trade and other payables and partially offset by the decrease in profit before tax for the financial period, increase in inventories and amount due from a related company (trade).

Net cash used in investing activities was \$29.9 million in 1Q 2018 as compared to \$0.7 million in 1Q 2017. The higher net cash used in investing activities in 1Q 2018 was mainly for purchase of investment securities, leasehold property, plant and equipment, partially offset by the proceeds from disposal of investment securities and interest received.

Net cash generated from financing activities was \$29.8 million in 1Q 2018 as compared to \$1.8 million in 1Q 2017. The higher net cash generated from financing activities was mainly from the proceeds of rights issue, term loan (net) and short-term bank borrowings (net), partially offset by repayment of advances from a related company (non-trade).

As a result of the above, cash and cash equivalents was \$26.3 million as at 31 March 2018.

4. STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company				Non-controlling interests \$'000	Total \$'000
	Share capital \$'000	Treasury shares \$'000	Other reserves \$'000	Revenue reserves \$'000		
Group						
Balance as at 1 January 2018	118,367	(165)	305	9,918	917	129,342
Total comprehensive income for the period	-	-	-	1,805	28	1,833
Ordinary shares issued under rights issue	13,940	-	-	-	-	13,940
Net fair value change of available-for-sale financial assets	-	-	(850)	-	-	(850)
Share issuance expenses	(138)	-	-	-	-	(138)
Balance as at 31 March 2018	132,169	(165)	(545)	11,723	945	144,127
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
Company						
Balance as at 1 January 2018	118,202	(165)	-	2,198	-	120,235
Total comprehensive income for the period	-	-	-	(154)	-	(154)
Ordinary shares issued under rights issue	13,940	-	-	-	-	13,940
Share issuance expenses	(138)	-	-	-	-	(138)
Balance as at 31 March 2018	132,004	(165)	-	2,044	-	133,883
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

5. CHANGES IN SHARE CAPITAL

	No. of ordinary shares (excluding treasury shares)	Issued and fully paid-up share capital
	'000	\$'000
Balance as at 31 December 2017	910,576	118,202
Ordinary shares issued under rights issue (Note 1)	87,126	13,802
Balance as at 31 March 2018	997,702	132,004

Note 1 - On 12 January 2018, the Company issued 87,125,632 new shares at an issue price of \$0.160 for each rights share, on the basis of one (1) rights share for every ten (10) existing ordinary shares in the capital of the Company.

The Company has no outstanding convertibles or subsidiary holdings as at 31 March 2018 and 31 March 2017.

6. CHANGES IN TREASURY SHARES

	As at 31 March 2018 ('000)	As at 31 March 2017 ('000)
Total number of treasury shares	1,000	-
Total number of ordinary shares (excluding treasury shares)	997,702	727,530
% of treasury shares over total number of ordinary shares	0.10%	-

There were no sales, transfers, cancellation and /or use of treasury shares during and as at the end of the current financial period reported on.

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-18		As at 31-Dec-17	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
241,017	-	230,375	-

Amount repayable after one year

As at 31-Mar-18		As at 31-Dec-17	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
12,998	70,000	7,624	70,000

Details of collateral

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

- corporate guarantees by the Company and/or Aspiat Corporation Limited (controlling shareholder of the Company); and
- 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 financial statements for the financial period ended 31 March 2018 as those of the audited financial statements for the financial year ended 31 December 2017, as well as adopted Singapore Financial Reporting Framework (International) ("SFRS(I)"), a new financial reporting framework equivalent to the International Financial Reporting Standards, and all applicable new and revised Financial Reporting Standards ("FRSs") which became effective for financial years beginning on or after 1 January 2018. The adoption of SFRS(I) and these new and revised FRSs have no material effect on the financial statements.

11. EARNINGS PER SHARE

	Group	
	1Q 2018	1Q 2017
	cents	cents
i) Basic earnings per share	0.18	0.41
ii) Diluted earnings per share	0.18	0.41
- Weighted average number of shares ('000)	987,053	727,530

12. NET ASSET VALUE PER SHARE

	Group		Company	
	31-Mar-18	31-Dec-17	31-Mar-18	31-Dec-17
	Net asset value per ordinary share (cents)	14.35	14.10	13.44
Number of ordinary shares in issue ('000)	997,702	910,576	997,702	910,576

13. VARIANCE FROM FORECAST STATEMENT

No forecast for the financial period ended 31 March 2018 was previously provided.

14. REVIEW OF CORPORATE PERFORMANCE

The Group's revenue rose 19.7% to \$52.8 million in 1Q 2018 and was \$8.7 million higher than 1Q 2017. The increase in revenue was primarily attributed to higher interest income from the pawnbroking business, higher sales from the retail and trading of jewellery and branded merchandise business and contribution from the secured lending business.

Revenue contribution from the pawnbroking business increased by about 8.1% in 1Q 2018 as compared to 1Q 2017. The increase was primarily attributed to the higher interest income from its growing pledge book. The retail and trading of jewellery and branded merchandise business reported a 17.5% increase in revenue in 1Q 2018 as compared to 1Q 2017. The secured lending business reported a revenue of \$1.7 million in 1Q 2018.

As compared to 1Q 2017, operating expenses in 1Q 2018 increased in most categories such as material costs, staff costs, rental, finance, foreign currency exchange loss and depreciation costs. The increase in material costs was generally in line with the increase in revenue from the retail and trading of jewellery and branded merchandise business. The increase in staff costs, rental, finance costs and depreciation costs was mainly due to the increase in the number of shops, the issuance of multicurrency medium notes and the secured lending business which commenced after 1Q 2017. The foreign currency exchange loss of \$2.3 million in 1Q 2018 was mainly unrealised from the secured lending business.

The higher revenue and gross profit were offset by the increase in operating expenses. As a result, the pre-tax profit of the Group decreased by \$0.9 million to \$2.6 million in 1Q 2018.

Excluding the foreign currency exchange loss (mainly unrealised) in 1Q 2018, the pre-tax profit in 1Q 2018 would have been **\$4.9 million**.

15. BUSINESS OUTLOOK

The Group will continue to invest in its pawnbroking, retailing and secured lending businesses. We will increase our store network, strengthen our leading brand awareness, increase our range of products and services and introduce improved digital services for the seamless delivery of products and services to our customers.

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 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 2018 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 2018