



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 2015

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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.

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1. Consolidated Statement of Comprehensive Income

1(i) Consolidated Statement of Comprehensive Income For The Financial Period Ended 31 March 2015 ("1Q2015")

	Group		Change %
	1Q 2015 \$'000	1Q 2014 \$'000	
Revenue	28,695	26,927	7%
Material costs	(19,500)	(19,453)	0%
Employee benefits	(3,252)	(2,747)	18%
Depreciation and amortisation	(468)	(437)	7%
Finance costs	(853)	(663)	29%
Other operating expenses	(3,708)	(3,772)	-2%
Operating profit/(loss)	914	(145)	n.m.
Rental income	64	208	-69%
Other income	252	204	24%
Profit before tax from continuing operation	1,230	267	361%
Taxation	(227)	(51)	345%
Profit for the period	1,003	216	364%
Profit attributable to:			
Shareholders of the Company	988	202	389%
Non-controlling interests	15	14	7%
	1,003	216	364%
Profit for the period	1,003	216	364%
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	1,003	216	364%
Total comprehensive income attributable to:			
Shareholders of the Company	988	202	389%
Non-controlling interests	15	14	7%
	1,003	216	364%
Earnings per ordinary share (cents)			
-Basic	0.18	0.04	350%
-Diluted	0.18	0.04	350%

Other information :-

	Group		Change %
	1Q 2015 \$'000	1Q 2014 \$'000	
Amortisation of prepaid rent	88	95	-7%
Depreciation of property, plant and equipment	379	342	11%
Financial losses on pledged items (recovered)/ not fully covered by insurance	(47)	39	n.m.
Recovery of allowance for doubtful debts	-	(46)	n.m.
Foreign currency exchange gain	(6)	(20)	-70%

n.m. - Not meaningful

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

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 2015 as compared to 1Q 2014 was generally in line with the increase in revenue from the retail and trading of pre-owned jewellery and watches business.
- 1d - The increase in employee benefits expenses in 1Q 2015 as compared to 1Q 2014 was mainly due to the increase in number of employees, as the Group has more pawnshops and retail outlets as at 31 March 2015 as compared to 31 March 2014.
- 1e - Higher depreciation charges in 1Q 2015 as compared to 1Q 2014 was due to the increase in depreciation of plant and equipment for new pawnshops and retail outlets.
- 1f - Finance costs for 1Q 2015 increased from 1Q 2014, mainly due to more loan drawdown and higher interest rate charged.
- 1g - Lower other operating expenses in 1Q 2015 as compared to 1Q 2014 was mainly due to Goods and Services Tax ("GST") recovered from rental expenses on operating leases.
- 1h - Lower rental income for 1Q 2015 as compared to 1Q 2014 was due to fewer sub-leasing properties.

2. Statements of Financial Position

	Group		Company	
	31-Mar-15 \$'000	31-Dec-14 \$'000	31-Mar-15 \$'000	31-Dec-14 \$'000
NON-CURRENT ASSETS				
Property, plant and equipment	4,007	4,287	84	88
Investments in subsidiaries	-	-	45,000	45,000
Other receivables	1,213	909	995	909
Prepaid rent	79	95	-	-
Deferred tax assets	1,200	1,150	28	30
	6,499	6,441	46,107	46,027
CURRENT ASSETS				
Inventories	32,725	30,618	-	-
Trade and other receivables	197,863	199,957	994	1,291
Prepaid rent	139	212	-	47
Prepayments	605	728	33	26
Due from subsidiaries (non-trade)	-	-	30,220	28,804
Cash and bank balances	10,053	9,264	1,421	1,444
	241,385	240,779	32,668	31,612
TOTAL ASSETS	247,884	247,220	78,775	77,639
CURRENT LIABILITIES				
Trade and other payables	3,412	3,539	876	923
Due to immediate holding company (non-trade)	46,192	114,196	12,721	12,685
Provision for taxation	1,235	1,033	17	16
Interest-bearing loans	131,300	63,710	-	-
	182,139	182,478	13,614	13,624
Net current assets	59,246	58,301	19,054	17,988
NON-CURRENT LIABILITIES				
Deferred tax liabilities	36	36	-	-
	36	36	-	-
TOTAL LIABILITIES	182,175	182,514	13,614	13,624
Net assets	65,709	64,706	65,161	64,015
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY				
Share capital	64,035	64,035	64,035	64,035
Accumulated profit/(losses)	1,017	29	1,126	(20)
	65,052	64,064	65,161	64,015
Non-controlling interests	657	642	-	-
Total equity	65,709	64,706	65,161	64,015
Net asset value per ordinary share (cents)	11.56	11.39	11.58	11.38

2. Statements of Financial Position (Con't)

2a. - Review of Financial Position

The equity attributable to shareholders of the Company was \$65.1 million as at 31 March 2015 as compared to \$64.1 million as at 31 December 2014. The increase was attributable to the profit for the period.

The Group's total assets of \$247.9 million as at 31 March 2015 was \$0.7 million higher than that as at 31 December 2014 mainly due to the increase in inventories and cash and bank balances, partially offset by the decrease in trade and other receivables. 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 decrease in trade and other receivables was due to the decrease in pledge book for the Group's pawnbroking business.

The Group's total liabilities of \$182.2 million as at 31 March 2015 was \$0.3 million lower than that as at 31 December 2014. 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.

3. Consolidated Statement of Cash Flows For The Financial Period Ended 31 March 2015

	Group	
	1Q 2015 \$'000	1Q 2014 \$'000
OPERATING ACTIVITIES		
Profit before taxation	1,230	267
Adjustments for:		
Property, plant and equipment written off	1	-
Depreciation of property, plant and equipment	379	342
Recovery of allowance for doubtful debts	-	(46)
Interest expense	853	663
Amortisation of prepaid rent	88	95
Operating profit before working capital changes	2,551	1,321
(Increase)/decrease in:		
Inventories	(2,107)	(4,625)
Trade and other receivables	1,790	3,444
Prepayments	123	(444)
Decrease in:		
Trade and other payables	(127)	(355)
Net cash generated from/ (used in) operations	2,230	(659)
Interest paid	(853)	(663)
Income taxes refund	-	58
Income taxes paid	(75)	(56)
Net cash generated from/ (used in) operating activities	1,302	(1,320)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(99)	(655)
Increase in prepaid rent	-	(35)
Net cash used in investing activities	(99)	(690)
FINANCING ACTIVITIES		
Proceeds from short-term notes	-	20,000
Proceeds from short-term bank borrowings, net	67,590	39,470
Repayments of finance lease obligations	-	(6)
Repayments of advances from immediate holding company (non-trade), net	(68,004)	(60,668)
Net cash used in financing activities	(414)	(1,204)
Net increase / (decrease) in cash and cash equivalents	789	(3,214)
Cash and cash equivalents at beginning of period	9,264	11,601
Cash and cash equivalents at end of period	10,053	8,387

3. Consolidated Statement of Cash Flows For The Financial Period Ended 31 March 2015 (Con't)

Cash and cash equivalents

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

	1Q 2015 \$'000	1Q 2014 \$'000
Cash at banks and in hand	10,053	8,387
Cash and cash equivalents	10,053	8,387

3a. - Cashflow Analysis

Net cash generated from operating activities for 1Q 2015 was \$1.3 million compared to \$1.3 million used in operating activities in 1Q 2014. This was due to the increase in profit before taxation and decrease in trade and other receivables, partially offset by the increase in inventories and decrease in trade and other payables for the period.

Net cash used in investing activities of \$0.1 million in 1Q 2015 was due to renovation for pawnshops and retail outlets.

Net cash used in financing activities was \$0.4 million in 1Q 2015 compared to \$1.2 million in 1Q 2014. This was due to repayment of advances from immediate holding company (non-trade), partially offset by proceeds from short-term bank borrowings.

4. Statements of Changes in Equity

	Attributable to shareholders of the Company		Non-controlling interests \$'000	Total \$'000
	Share Capital \$'000	Accumulated profit/(losses) \$'000		
Group				
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
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
Company				
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
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

5. Changes in Share Capital

No. of shares	Company	
	2015 '000	2014 '000
Issued and fully paid-up share capital		
Balance at 1 January	562,637	468,864
New ordinary shares issued pursuant to bonus issue (Note 1)	-	93,773
Balance at 31 March 2015 / 31 December 2014	562,637	562,637

Note 1 - On 19 February 2014, 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 28 April 2014. The 93,772,628 bonus shares were listed and quoted on Catalist on 27 May 2014.

The Company has no outstanding convertibles or treasury shares as at 31 March 2015 and 31 March 2014.

6. Changes in Treasury Shares

There were no sales, transfers, disposal, cancellation and / or use of treasury shares as at 31 March 2015 (31 December 2014: 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-15		As at 31-Dec-14	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
131,300	-	63,710	-

Amount repayable after one year

As at 31-Mar-15		As at 31-Dec-14	
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 2014, as well as all applicable new and revised Financial Reporting Standards ("FRSs") which became effective for financial years beginning on or after 1 January 2015. 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-15 cents	31-Mar-14 cents
i) Basic earnings per share	0.18	0.04
ii) Diluted earnings per share	0.18	0.04
- Weighted average number of shares ('000)	562,637	468,864

11. Net Asset Value per Share

	Group		Company	
	31-Mar-15	31-Dec-14	31-Mar-15	31-Dec-14
Net asset value per ordinary share (cents)	11.56	11.39	11.58	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 2015 was previously provided.

13. Review of Corporate Performance

The Group's revenue of \$28.7 million for 1Q 2015 was \$1.8 million higher than 1Q 2014. 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 about 8.1% in 1Q 2015. The increased was primarily attributed to the higher interest income from its pledge book as compared to the corresponding quarter in 2014. The retail and trading of pre-owned jewellery and watches business recorded an increase by about 6.1% in revenue in 1Q 2015.

In 1Q 2015, expenses increased across major cost categories mainly due to the increase in number of pawnshops and retail outlets from 35 stores in 1Q 2014 to 40 stores in 1Q 2015 and the increase in bank borrowings. The operation of the additional stores and the increase in bank borrowings had contributed to the increase in expenses such as employee benefits, finance costs and rental costs expenses as well as depreciation and amortization expenses.

At the pre-tax level, the Group's profit of \$1.2 million for 1Q 2015 was \$0.9 million higher than that of the corresponding quarter in 2014.

14. Business Outlook

The Group's operating environment continues to be challenging as existing pawnbrokers continue to open new stores to increase their geographical spread while new entrants try to find niches to overcome their lack of economies of scale. Borrowing costs is also likely to increase amid the rising interest rate environment. The implementation of the new Pawnbrokers Act 2015 on 1 April 2015 will further increase the transparency and accountability in this industry.

The Group will try to mitigate the rising costs by leveraging on having the largest network of stores in Singapore and its strong brand identity. We will continue to work on initiatives to improve pawnbroking revenue and sales of pre-owned jewellery and watches.

With rising costs, keen competition and continued volatility in gold prices, the Group will continue to focus on growth so that we can leverage on our scale to minimise costs and improve efficiencies.

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.

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 Catalist Rules)	
	31-Mar-15 \$'000	31-Mar-14 \$'000
Lease of premises		
8G Investment Pte Ltd	93	93
World Financial Property Pte Ltd	107	102
Corporate charges		
Aspial Corporation Limited	45	45
Loan Interest		
Aspial Corporation Limited	200	279
	445	519

16. Dividend

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

No

(ii) Any dividend declared for the preceding 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 2015 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Ng Leok Cheng
CEO

Koh Wee Seng
Non-Executive Chairman

7th May 2015