

UOB KayHian

UOB-KAY HIAN HOLDINGS LIMITED

Financial Statements

And Dividend Announcement

For First Quarter Ended 31 March 2013

(Co. Ref. No. 200004464C)

These figures have not been audited.

1(a) A comprehensive income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

COMPREHENSIVE INCOME STATEMENT

	The Group		
	3 months ended 31/03/2013 S\$'000	3 months ended 31/03/2012 S\$'000	Increase / (Decrease) %
Revenue			
Commission income	86,858	65,845	31.9
Interest income	17,429	14,910	16.9
Dividend from quoted / unquoted securities	7	40	(82.5)
Other operating revenue	11,713	4,322	171.0
Total revenue	116,007	85,117	36.3
Foreign exchange gain	2,572	543	373.7
Total income	118,579	85,660	38.4
Costs and expenses			
Commission expenses	(20,609)	(16,106)	28.0
Personnel expenses	(36,163)	(23,535)	53.7
Depreciation expenses	(2,238)	(2,493)	(10.2)
Write back of allowance for impairment of trade receivables & bad debts written off	178	21	747.6
Net fair value gain on financial assets / liabilities through profit or loss	220	1,505	(85.4)
Finance expenses	(3,426)	(3,161)	8.4
Other operating expenses	(16,584)	(15,071)	10.0
	(78,622)	(58,840)	33.6
Profit before tax	39,957	26,820	49.0
Income tax expense*	(6,723)	(3,184)	111.1
Profit after tax	33,234	23,636	40.6
Other comprehensive income / (expense) (net of tax):			
Foreign currency translation difference	9,490	(10,639)	(189.2)
Available-for-sale financial assets	818	1,067	(23.3)
	10,308	(9,572)	(207.7)
Total comprehensive income for the period	43,542	14,064	209.6

*Overprovision of taxation in respect of prior years in the 3 months ended 31 March 2013 is S\$12,825. (3 months ended 31 March 2012: S\$10,977)

N.M. = Not Meaningful.

- 1(a) A comprehensive income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year *(continued)*

COMPREHENSIVE INCOME STATEMENT

(continued)

	The Group		
	3 months ended 31/03/2013 S\$'000	3 months ended 31/03/2012 S\$'000	Increase / (Decrease) %
Profit attributable to:			
Owners of the Company	31,908	23,158	37.8
Non-controlling interests	1,326	478	177.4
	33,234	23,636	40.6
 Total comprehensive income attributable to:			
Owners of the Company	40,928	13,789	196.8
Non-controlling interests	2,614	275	850.5
	43,542	14,064	209.6

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	The Group		The Company	
	As at 31/03/2013 S\$'000	As at 31/12/2012 S\$'000	As at 31/03/2013 S\$'000	As at 31/12/2012 S\$'000
ASSETS				
<u>Current assets</u>				
Cash and bank balances	271,558	246,906	298	396
Outstanding contracts receivable	965,586	797,772	-	-
Trade receivables	1,413,478	1,436,307	-	-
Other financial assets, at fair value through profit or loss	31,057	31,578	-	-
Other current assets	39,688	32,861	48,162	22,703
Derivative financial instruments	38	25	-	-
Total current assets	2,721,405	2,545,449	48,460	23,099
<u>Non-current assets</u>				
Trade receivables	52,500	-	186	183
Goodwill	4,881	4,606	-	-
Subsidiaries	-	-	316,123	265,854
Financial assets, available-for-sale	28,019	19,819	-	-
Trading rights in Exchanges	6,592	574	-	-
Memberships in Exchanges	232	220	-	-
Property, plant and equipment	64,285	63,146	-	-
Deferred tax assets	2,104	1,650	-	-
Total non-current assets	158,613	90,015	316,309	266,037
Total assets	2,880,018	2,635,464	364,769	289,136
LIABILITIES AND EQUITY				
<u>Current liabilities</u>				
Outstanding contracts payable	911,955	741,792	-	-
Trade and other payables	90,523	104,269	87,370	45,705
Other financial liabilities, at fair value through profit or loss	13	-	-	-
Borrowings	492,560	329,044	34,062	-
Debts issued	208,121	333,033	-	-
Income tax payable	17,982	12,955	-	-
Derivative financial instruments	3,362	2,512	-	-
Total current liabilities	1,724,516	1,523,605	121,432	45,705
<u>Non-current liabilities</u>				
Trade and other payables	3,100	3,135	-	-
Deferred tax liabilities	1,345	1,210	-	-
Total non-current liabilities	4,445	4,345	-	-
Total liabilities	1,728,961	1,527,950	121,432	45,705
<u>Equity</u>				
Capital, reserves and non-controlling interests				
Share capital	72,471	72,471	72,471	72,471
Reserves	(53,825)	(62,996)	-	-
Retained earnings	1,107,824	1,076,092	170,866	170,960
Equity attributable to owners of the Company	1,126,470	1,085,567	243,337	243,431
Non-controlling interests	24,587	21,947	-	-
Total equity	1,151,057	1,107,514	243,337	243,431
Total liabilities and equity	2,880,018	2,635,464	364,769	289,136
<u>Clients' trust / segregated accounts</u>				
Bank balances				
- with related parties	504,197	283,475	-	-
- with non-related banks	554,003	527,591	-	-
Margin with clearing houses	18,737	19,127	-	-
Less: Amounts held in trust	(1,076,937)	(830,193)	-	-
	-	-	-	-

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	The Group			
	As at 31/03/2013		As at 31/12/2012	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amounts repayable in one year or less, or on demand	362,603	129,957	300,208	28,836
Amounts repayable after one year	-	-	-	-

As at period end, the Group had debts issued amounting to S\$208,120,513. The debts issued, with derivative in the form of an embedded credit default swap or a put option, allow the Group to transfer the underlying assets to the note holders as full and final settlement upon the occurrence of a credit event.

Details of any collateral

Bank overdrafts and short term loans of subsidiaries amounting to S\$362,602,501 are secured by a fixed charge over immovable fixed assets and a floating charge over all assets.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group	
	3 months ended 31/03/2013 S\$'000	3 months ended 31/03/2012 S\$'000
Operating activities		
Profit before income tax	39,957	26,820
Adjustments for:		
Depreciation expenses	2,238	2,493
Net loss / (gain) on disposal of property, plant and equipment	8	(15)
Write back of allowance for trade receivables	(250)	(113)
Dividend income from quoted / unquoted securities	(7)	(40)
Interest expense	3,426	3,161
Exchange differences	10,174	(11,773)
Operating cash flow before working capital changes	55,546	20,533
Changes in operating assets and liabilities:		
Other financial assets / liabilities at fair value through profit or loss	1,801	(23)
Financial assets, available for sale	(6,636)	(2,946)
Trade, outstanding contracts and other receivables	(289,109)	(605,678)
Trade, outstanding contracts and other payables	123,505	429,393
Cash used in operations	(114,893)	(158,721)
Interest paid	(3,426)	(3,161)
Income tax paid	(588)	(447)
Net cash used in operating activities	(118,907)	(162,329)
Investing activities		
Payments for property, plant and equipment	(766)	(1,114)
Proceeds from disposal of property, plant and equipment	1	21
Proceeds from disposal of financial assets, available-for-sale	37	-
Acquisition of subsidiary	(18,239)	-
Dividends received from quoted / unquoted securities	7	40
Net cash used in investing activities	(18,960)	(1,053)
Financing activities		
Drawdown (Repayment) of short-term bank loans	142,814	(24,160)
Payment to non-controlling interest for additional interest in a subsidiary	-	(220)
Net cash from (used in) financing activities	142,814	(24,380)
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(996)	1,422

- 1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. *(continued)*

	The Group	
	3 months ended 31/03/2013	3 months ended 31/03/2012
	S\$'000	S\$'000
Net increase (decrease) in cash and cash equivalents during the financial period	3,951	(186,340)
Cash and cash equivalents at beginning of the financial period	221,251	353,605
Cash and cash equivalents at end of the financial period	225,202	167,265

For the purpose of consolidated cash flow statement, the consolidated cash and cash equivalents comprise the following :

	The Group	
	As at 31/03/2013	As at 31/03/2012
	S\$'000	S\$'000
Cash and bank balances	271,558	204,378
Less: Bank overdrafts	(46,356)	(37,113)
Cash and cash equivalents per consolidated cash flow statement	225,202	167,265

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENT OF CHANGES IN EQUITY – THE GROUP

	Share capital S\$'000	Statutory reserve S\$'000	Equity reserve S\$'000	Fair value reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total attributable to members of the Company S\$'000	Non- controlling interests S\$'000	Total Equity S\$'000
Balance at 1 January 2013	72,471	1,542	(1,534)	2,447	(65,450)	1,076,092	1,085,568	21,947	1,107,515
Total comprehensive income for first quarter	-	87	-	873	8,060	31,908	40,928	2,614	43,542
Transfer to statutory reserve	-	150	-	-	-	(176)	(26)	26	-
Balance at 31 March 2013	72,471	1,779	(1,534)	3,320	(57,390)	1,107,824	1,126,470	24,587	1,151,057

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. *(continued)*

STATEMENT OF CHANGES IN EQUITY – THE GROUP *(continued)*

	Share capital S\$'000	Statutory reserve S\$'000	Equity reserve S\$'000	Fair value reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total attributable to members of the Company S\$'000	Non-controlling interests S\$'000	Total Equity S\$'000
Balance at 1 January 2012	72,471	1,541	(1,592)	1,074	(44,197)	1,057,501	1,086,798	21,595	1,108,393
Total comprehensive income for first quarter	-	(14)	-	1,053	(10,408)	23,158	13,789	275	14,064
Acquisition of additional interest in a subsidiary	-	6	44	-	-	-	50	(270)	(220)
Transfer to statutory reserve	-	30	-	-	-	(30)	-	-	-
Balance at 31 March 2012	72,471	1,563	(1,548)	2,127	(54,605)	1,080,629	1,100,637	21,600	1,122,237

STATEMENT OF CHANGES IN EQUITY – THE COMPANY

	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
Balance at 1 January 2013	72,471	170,960	243,431
Total comprehensive loss for first quarter	-	(94)	(94)
Balance at 31 March 2013	72,471	170,866	243,337

	Share Capital S\$'000	Retained earnings S\$'000	Total S\$'000
Balance at 1 January 2012	72,471	177,065	249,536
Total comprehensive loss for first quarter	-	(70)	(70)
Balance at 31 March 2012	72,471	176,995	249,466

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

NIL

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding financial year.

	31 March 2013	31 December 2012
No. of shares	724,709,009	724,709,009

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and / or use of treasury shares as at the end of the current financial period reported on.

Not applicable

2 Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910. (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed by the auditors.

3 Where the figures have been audited or reviewed, the auditors' report. (including any qualifications or emphasis of matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group and the Company have applied the same accounting policies in the financial statements for the current reporting period compared to the audited financial statements as at 31 December 2012.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	The Group	
	3 months ended 31/03/13	3 months ended 31/03/12
Earnings per ordinary share for the period after deducting any provision for preference dividends:-		
(i) Based on weighted average number of ordinary shares in issue	4.40 cents	3.20 cents
(ii) On a fully diluted basis	4.40 cents	3.20 cents

- 7 **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on; and (b) immediately preceding financial year.**

	The Group		The Company	
	As at 31/03/2013	As at 31/12/2012	As at 31/03/2013	As at 31/12/2012
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on	155.44 cents	149.79 cents	33.58 cents	33.59 cents

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affect the turnovers, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Operating Profit and Expenses

The board is pleased to announce that pre-tax profits increased 49.0% from \$26.8 million to \$40.0 million quarter on quarter on the back of improved investor sentiment. After tax profit rose 40.6% from \$23.6 million to \$33.2 million.

Total revenue grew 36.3% from \$85.1 million to \$116.0 million. Commission income increased 31.9% from \$65.8 million to \$86.9 million with higher market turnover.

Interest income and other operating income increased with higher lending and corporate finance activities.

Commission expenses rose 28% from \$16.1 million to \$20.6 million in line with higher revenue.

Personnel and other operating expenses were higher following our expansion in Singapore and the region.

Balance Sheet

The Group's net asset value position remains healthy at \$1.1 billion as at 31 March 2013. There were no significant changes in the composition of Group balance sheet items.

- 9 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

- 10 **A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The resurgent market alluded to in the previous quarter continued into most of 1Q2013.

As a result our earnings achieved in 1Q2013 was 49.0% of our earnings for the whole of FY2012.

Whilst forward quarters' earnings may not be as robust as 1Q2013, we expect the favourable sentiment to carry into a substantial part of 2013.

We are cautiously optimistic that 2013 will yield better results than 2012.

11 Dividend

(a) Current Financial Period Reported On

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

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period (quarter) of the immediately preceding financial year?

None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12 If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared / recommended for the quarter ended 31 March 2013

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPTs mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained.

14 Confirmation of the Board

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial statements for the quarter ended 31 March 2013 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Wee Ee-chao
Managing Director

Esmond Choo
Executive Director

BY ORDER OF THE BOARD

Wee Ee-chao
Managing Director
9 May 2013