

# UOB KayHian

**UOB-KAY HIAN HOLDINGS LIMITED**

Financial Statements

And Dividend Announcement

For First Quarter Ended 31 March 2015

(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	3 months ended	Increase / (Decrease) %
	31/03/2015	31/03/2014	
	S\$'000	S\$'000	
<b>Revenue</b>			
Commission income	55,550	56,276	(1.3)
Interest income	22,888	21,001	9.0
Other operating revenue	11,370	6,716	69.3
Total revenue	89,808	83,993	6.9
Foreign exchange gain	4,414	1,290	242.2
<b>Total income</b>	<b>94,222</b>	<b>85,283</b>	10.5
<b>Costs and expenses</b>			
Commission expenses	(14,650)	(13,918)	5.3
Personnel expenses	(31,851)	(26,059)	22.2
Depreciation expenses	(2,180)	(2,291)	(4.8)
Allowance for impairment of trade debtors & bad debts written off	(259)	(76)	240.8
Allowance for impairment of goodwill	-	(100)	N.M
Net fair value loss on financial assets / liabilities through profit or loss	(527)	(262)	101.1
Finance expenses	(5,895)	(4,947)	19.2
Other operating expenses	(17,256)	(16,876)	2.3
	<b>(72,618)</b>	<b>(64,529)</b>	12.5
<b>Profit before tax</b>	<b>21,604</b>	<b>20,754</b>	4.1
Income tax expense*	(2,866)	(2,631)	8.9
<b>Profit after tax</b>	<b>18,738</b>	<b>18,123</b>	3.4
<b>Other comprehensive income (net of tax):</b>			
Foreign currency translation difference	17,688	1,153	1,434.1
Available-for-sale financial assets	(31)	979	(103.2)
	<b>17,657</b>	<b>2,132</b>	728.2
<b>Total comprehensive income for the period</b>	<b>36,395</b>	<b>20,255</b>	79.7

\*Overprovision of taxation in respect of prior years in the 3 months ended 31 March 2015 is S\$123,126. (3 months ended 31 March 2014: S\$60,811)

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 31/03/2015 S\$'000	3 months ended 31/03/2014 S\$'000	Increase / (Decrease) %
<b>Profit attributable to:</b>			
Owners of the Company	18,031	17,881	0.8
Non-controlling interests	707	242	192.1
	<b>18,738</b>	<b>18,123</b>	3.4
 <b>Total comprehensive income attributable to:</b>			
Owners of the Company	34,738	19,573	77.5
Non-controlling interests	1,657	682	143.0
	<b>36,395</b>	<b>20,255</b>	79.7

**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 31/03/2015 S\$'000	As at 31/12/2014 S\$'000	As at 31/03/2015 S\$'000	As at 31/12/2014 S\$'000
<b>ASSETS</b>				
<b><u>Current assets</u></b>				
Cash and bank balances	205,358	180,959	260	313
Outstanding contracts receivable	740,809	529,252	-	-
Trade receivables	2,993,910	1,705,153	-	-
Other financial assets, at fair value through profit or loss	25,640	161	-	-
Other current assets	37,056	37,653	36,387	33,939
Derivative financial instruments	24	7	-	-
<b>Total current assets</b>	<b>4,002,797</b>	<b>2,453,185</b>	<b>36,647</b>	<b>34,252</b>
<b><u>Non-current assets</u></b>				
Trade and other receivables	25,870	86,563	206	198
Goodwill	5,700	5,697	-	-
Subsidiaries	-	-	349,374	349,374
Financial assets, available-for-sale	10,018	25,124	-	-
Trading rights in Exchanges	102	98	-	-
Memberships in Exchanges	228	217	-	-
Property, plant and equipment	52,236	53,564	-	-
Deferred tax assets	2,029	1,841	-	-
<b>Total non-current assets</b>	<b>96,183</b>	<b>173,104</b>	<b>349,580</b>	<b>349,572</b>
<b>Total assets</b>	<b>4,098,980</b>	<b>2,626,289</b>	<b>386,227</b>	<b>383,824</b>
<b>LIABILITIES AND EQUITY</b>				
<b><u>Current liabilities</u></b>				
Outstanding contracts payable	712,098	485,000	-	-
Trade and other payables	110,089	101,527	84,200	82,477
Other financial liabilities, at fair value through profit or loss	3	-	-	-
Borrowings	1,528,012	384,206	-	-
Debts issued	447,262	392,462	-	-
Income tax payable	13,520	11,464	-	-
Derivative financial instruments	65	160	-	-
<b>Total current liabilities</b>	<b>2,811,049</b>	<b>1,374,819</b>	<b>84,200</b>	<b>82,477</b>
<b><u>Non-current liabilities</u></b>				
Trade and other payables	2,215	2,215	-	-
Deferred tax liabilities	1,036	970	-	-
<b>Total non-current liabilities</b>	<b>3,251</b>	<b>3,185</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>2,814,300</b>	<b>1,378,004</b>	<b>84,200</b>	<b>82,477</b>
<b><u>Equity</u></b>				
Capital, reserves and non-controlling interests				
Share capital	110,677	110,677	110,677	110,677
Reserves	(31,400)	(48,107)	-	-
Retained earnings	1,185,536	1,167,505	191,350	190,670
Equity attributable to owners of the Company	1,264,813	1,230,075	302,027	301,347
Non-controlling interests	19,867	18,210	-	-
<b>Total equity</b>	<b>1,284,680</b>	<b>1,248,285</b>	<b>302,027</b>	<b>301,347</b>
<b>Total liabilities and equity</b>	<b>4,098,980</b>	<b>2,626,289</b>	<b>386,227</b>	<b>383,824</b>
<b><u>Clients' trust / segregated accounts</u></b>				
Bank balances				
- with related parties	481,672	410,980	-	-
- with non-related banks	919,436	771,096	-	-
Margin with clearing houses	16,558	9,372	-	-
Less: Amounts held in trust	(1,417,666)	(1,191,448)	-	-
	-	-	-	-

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

	The Group			
	As at 31/03/2015		As at 31/12/2014	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amounts repayable in one year or less, or on demand	1,526,511	1,501	372,771	11,435
Amounts repayable after one year	-	-	-	-

As at period end, the Group had debts issued amounting to S\$447,262,304. The debts issued, with derivative in the form of an embedded credit default swap, 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\$1,528,012,048 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 31/03/2015 S\$'000	3 months ended 31/03/2014 S\$'000
<b>Operating activities</b>		
Profit before income tax	21,604	20,754
Adjustments for:		
Depreciation expense	2,180	2,291
Gain on disposal of property, plant and equipment	-	(26)
(Write back of allowance) Allowance for trade receivables	(103)	103
Allowance for impairment in goodwill	-	100
Interest expense	5,895	4,947
Exchange differences	(4,887)	370
Operating cash flow before working capital changes	24,689	28,539
Changes in operating assets and liabilities:		
Other financial assets / liabilities at fair value through profit or loss	(25,235)	35,184
Financial assets available for sale	16,151	(5,527)
Trade, outstanding contracts and other receivables	(1,369,959)	(373,577)
Trade, outstanding contracts and other payables	237,801	167,597
Cash used in operations	(1,116,553)	(147,784)
Interest paid	(5,895)	(4,947)
Income tax paid	(1,033)	(320)
<b>Net cash used in operating activities</b>	<b>(1,123,481)</b>	<b>(153,051)</b>
<b>Investing activities</b>		
Payments for property, plant and equipment	(863)	(460)
Proceeds from disposal of property, plant and equipment	50	74
<b>Net cash used in investing activities</b>	<b>(813)</b>	<b>(386)</b>
<b>Financing activities</b>		
Net drawdown of short-term bank loans	1,133,061	136,594
Payment to non-controlling interest for additional interest in a subsidiary	-	(1,193)
<b>Net cash from financing activities</b>	<b>1,133,061</b>	<b>135,401</b>
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	4,887	(370)

- 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 31/03/2015	3 months ended 31/03/2014
	S\$'000	S\$'000
<b>Net increase (decrease) in cash and cash equivalents during the financial period</b>	13,654	(18,406)
Cash and cash equivalents at beginning of the financial period	171,491	234,410
<b>Cash and cash equivalents at end of the financial period</b>	<b>185,145</b>	<b>216,004</b>

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

	The Group	
	As at 31/03/2015	As at 31/03/2014
	S\$'000	S\$'000
Cash and bank balances	205,358	224,089
Less: Bank overdrafts	(20,213)	(8,085)
Cash and cash equivalents per consolidated cash flow statement	<b>185,145</b>	<b>216,004</b>

- 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
<b>Balance at 1 January 2015</b>	<b>110,677</b>	<b>1,714</b>	<b>(276)</b>	<b>3,137</b>	<b>(52,682)</b>	<b>1,167,505</b>	<b>1,230,075</b>	<b>18,210</b>	<b>1,248,285</b>
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	18,031	18,031	707	18,738
Other comprehensive income	-	88	-	30	16,589	-	16,707	950	17,657
<b>Total</b>	<b>-</b>	<b>88</b>	<b>-</b>	<b>30</b>	<b>16,589</b>	<b>18,031</b>	<b>34,738</b>	<b>1,657</b>	<b>36,395</b>
<b>Balance at 31 March 2015</b>	<b>110,677</b>	<b>1,802</b>	<b>(276)</b>	<b>3,167</b>	<b>(36,093)</b>	<b>1,185,536</b>	<b>1,264,813</b>	<b>19,867</b>	<b>1,284,680</b>

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
<b>Balance at 1 January 2014</b>	<b>72,471</b>	<b>1,661</b>	<b>(1,246)</b>	<b>3,090</b>	<b>(68,034)</b>	<b>1,140,166</b>	<b>1,148,108</b>	<b>20,221</b>	<b>1,168,329</b>
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	17,881	17,881	242	18,123
Other comprehensive income	-	2	-	961	729	-	1,692	440	2,132
<b>Total</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>961</b>	<b>729</b>	<b>17,881</b>	<b>19,573</b>	<b>682</b>	<b>20,255</b>
Acquisition of additional interest in subsidiary	-	32	754	-	-	-	786	(1,979)	(1,193)
Transfer to statutory reserve	-	(81)	-	-	-	81	-	-	-
<b>Balance at 31 March 2014</b>	<b>72,471</b>	<b>1,614</b>	<b>(492)</b>	<b>4,051</b>	<b>(67,305)</b>	<b>1,158,128</b>	<b>1,168,467</b>	<b>18,924</b>	<b>1,187,391</b>

**STATEMENT OF CHANGES IN EQUITY – THE COMPANY**

	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
<b>Balance at 1 January 2015</b>	110,677	190,670	301,347
Total comprehensive income for first quarter		680	680
<b>Balance at 31 March 2015</b>	<b>110,677</b>	<b>191,350</b>	<b>302,027</b>

	Share Capital S\$'000	Retained earnings S\$'000	Total S\$'000
<b>Balance at 1 January 2014</b>	72,471	197,526	269,997
Total comprehensive loss for first quarter	-	(107)	(107)
<b>Balance at 31 March 2014</b>	<b>72,471</b>	<b>197,419</b>	<b>269,890</b>

**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 2015	31 December 2014
No. of shares	750,214,907	750,214,907

**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 2014.

**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 31/03/15	3 months ended 31/03/14
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	2.40 cents	2.47 cents
(ii) On a fully diluted basis	2.40 cents	2.47 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 31/03/2015	As at 31/12/2014	As at 31/03/2015	As at 31/12/2014
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on	168.59 cents	163.96 cents	40.26 cents	40.17 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**

Investor interest in the Singapore market, our major segment, remained subdued being weighed down by concerns over rising interest rates and unexciting economic prospects. However, this was to a certain extent offset by the buoyant market in Thailand. Against this challenging environment, the Group recorded a pre-tax profit of \$21.6 million (2014 : \$20.8m)

Total revenue increased 6.9% from \$84.0m to \$89.8m of which commission income accounted for \$55.6m (2014: \$56.3m). Interest income rose from \$21.0m to \$22.9m with higher financing activities. Other operating income expanded from \$6.7m to \$11.4m, mainly from a placement deal.

Commission and personnel expenses increased along with higher revenue. Finance expenses were higher due to higher funding requirements.

#### **Balance Sheet**

The Group's net asset value position remained healthy at \$1.3 billion as at 31 March 2015. There were no significant changes in the composition of Group balance sheet items except for working capital items that fluctuate with prevailing trading volumes towards the end of each reporting period.

- 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 buoyant Hong Kong and Shanghai markets are expected to spur retail interest in equities regionally. Stabilising oil prices and more benign interest rate outlook in the ensuing quarter will be positive for equity markets generally.

We expect trading environment to be more positive in the second half of 2015.

**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/recommendeded, a statement to that effect.**

No dividend has been declared / recommended for the quarter ended 31 March 2015

**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 2015 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  
13 May 2015