



UOB-KAY HIAN HOLDINGS LIMITED

Financial Statements

And Dividend Announcement

For Third Quarter Ended 30 September 2017

(Co. Ref. No. 200004464C)

These figures have not been audited.

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

	The Group					
	9 months ended 30/09/2017	9 months ended 30/09/2016	Increase / (Decrease) %	3 months ended 30/09/2017	3 months ended 30/09/2016	Increase / (Decrease) %
	S\$'000	S\$'000		S\$'000	S\$'000	
COMPREHENSIVE INCOME STATEMENT						
Revenue						
Commission income	184,462	146,724	25.7	62,984	51,152	23.1
Interest income	69,586	78,220	(11.0)	22,418	19,640	14.1
Dividend from quoted / unquoted securities	50	49	2.0	-	-	N.M
Other operating revenue	16,817	17,941	(6.3)	6,554	5,929	10.5
Total revenue	270,915	242,934	11.5	91,956	76,721	19.9
Foreign exchange gain	2,789	2,077	34.3	(130)	1,894	N.M
Total income	273,704	245,011	11.7	91,826	78,615	16.8
Costs and expenses						
Commission expenses	(42,763)	(32,937)	29.8	(14,179)	(12,132)	16.9
Personnel expenses	(89,236)	(76,687)	16.4	(31,463)	(26,526)	18.6
Depreciation expenses	(6,621)	(6,209)	6.6	(2,316)	(2,075)	11.6
Impairment of goodwill	(106)	-	N.M	(6)	-	N.M
Write back of allowance (Allowance) for impairment of trade debtors & bad debts written off	107	(317)	N.M	49	70	(30.0)
Net fair value gain on financial assets / liabilities through profit or loss	175	991	(82.3)	146	825	(82.3)
Finance expenses	(20,556)	(28,492)	(27.9)	(5,825)	(4,949)	17.7
Other operating expenses	(49,474)	(47,145)	4.9	(15,973)	(15,954)	0.1
	(208,474)	(190,796)	9.3	(69,567)	(60,741)	14.5
Profit before tax	65,230	54,215	20.3	22,259	17,874	24.5
Income tax expense*	(9,869)	(8,339)	18.3	(3,819)	(2,691)	41.9
Profit after tax	55,361	45,876	20.7	18,440	15,183	21.5
Other comprehensive (expense) / income (net of tax):						
Foreign currency translation difference	(28,977)	(13,059)	121.9	(6,121)	7,833	N.M
Actuarial gain on defined benefit plan	-	487	N.M	-	487	N.M
Available-for-sale investments	7	(29)	N.M	(17)	24	N.M
	(28,970)	(12,601)	129.9	(6,138)	8,344	(173.6)
Total comprehensive income for the period	26,391	33,275	(20.7)	12,302	23,527	(47.7)

*Under (Over) provision of taxation in respect of prior years in the 9 months ended 30 Sep 2017 is \$65,790. (9 months ended 30 Sep 2016: \$3,331)

N.M. = Not Meaningful.

1(a)(i) 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					
	9 months ended 30/09/2017	9 months ended 30/09/2016	Increase / (Decrease) %	3 months ended 30/09/2017	3 months ended 30/09/2016	Increase / (Decrease) %
	S\$'000	S\$'000		S\$'000	S\$'000	
Profit attributable to :						
Owners of the Company	54,408	44,816	21.4	18,169	14,660	23.9
Non-controlling interests	953	1,060	(10.1)	271	523	(48.2)
	55,361	45,876	20.7	18,440	15,183	21.5
Total comprehensive income attributable to:						
Owners of the Company	25,343	32,111	(21.1)	11,970	22,445	(46.7)
Non-controlling interests	1,048	1,164	(10.0)	332	1,082	(69.3)
	26,391	33,275	(20.7)	12,302	23,527	(47.7)

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 30/09/2017 S\$'000	As at 31/12/2016 S\$'000	As at 30/09/2017 S\$'000	As at 31/12/2016 S\$'000
ASSETS				
<u>Current assets</u>				
Cash and bank balances	489,056	545,903	201	216
Outstanding contracts receivable	913,332	622,294	-	-
Trade receivables	1,569,901	1,477,873	-	-
Other financial assets, at fair value through profit or loss	44,472	38,404	-	-
Other current assets	52,853	40,184	79,637	69,515
Derivative financial instruments	3,656	1,658	-	-
Total current assets	3,073,270	2,726,316	79,838	69,731
<u>Non-current assets</u>				
Trade and other receivables	-	43,155	204	217
Goodwill	14,148	14,137	-	-
Subsidiaries	-	-	359,374	359,374
Available-for-sale investments	1,869	1,999	-	-
Trading rights in Exchanges	95	103	-	-
Memberships in Exchanges	219	219	-	-
Property, plant and equipment	42,410	45,365	-	-
Deferred tax assets	1,305	1,243	-	-
Total non-current assets	60,046	106,221	359,578	359,591
Total assets	3,133,316	2,832,537	439,416	429,322
LIABILITIES AND EQUITY				
<u>Current liabilities</u>				
Outstanding contracts payable	903,238	630,030	-	-
Trade and other payables	119,776	181,801	98,367	74,147
Borrowings	587,950	488,092	876	908
Debts issued	122,058	143,032	-	-
Income tax payable	7,105	8,492	-	-
Derivative financial instruments	3,474	1,016	-	-
Total current liabilities	1,743,601	1,452,463	99,243	75,055
<u>Non-current liabilities</u>				
Trade and other payables	170	167	-	-
Deferred tax liabilities	1,069	875	-	-
Total non-current liabilities	1,239	1,042	-	-
Total liabilities	1,744,840	1,453,505	99,243	75,055
<u>Equity</u>				
Capital, reserves and non-controlling interests				
Share capital	167,565	155,616	167,565	155,616
Reserves	(49,047)	(20,797)	-	-
Retained earnings	1,251,131	1,224,178	172,608	198,651
Equity attributable to owners of the Company	1,369,649	1,358,997	340,173	354,267
Non-controlling interests	18,827	20,035	-	-
Total equity	1,388,476	1,379,032	340,173	354,267
Total liabilities and equity	3,133,316	2,832,537	439,416	429,322
<u>Clients' trust / segregated accounts</u>				
Bank balances				
- with related parties	717,148	499,998	-	-
- with non-related banks	1,292,639	1,074,794	-	-
Margin with clearing houses	26,793	35,075	-	-
Less: Amounts held in trust	(2,036,580)	(1,609,867)	-	-
	-	-	-	-

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

	The Group			
	As at 30/09/2017		As at 31/12/2016	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amounts repayable in one year or less, or on demand	562,198	25,752	466,273	21,819
Amounts repayable after one year	-	-	-	-

As at period end, the Group had debts issued amounting to S\$122,057,910. 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\$562,197,781 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			
	9 months ended 30/09/2017	9 months ended 30/09/2016	3 months ended 30/09/2017	3 months ended 30/09/2016
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit before income tax	65,230	54,215	22,259	17,874
Adjustments for:				
Depreciation expenses	6,621	6,209	2,316	2,075
Net gain on disposal of property, plant and equipment	(417)	(39)	(38)	(17)
Allowance (write back of allowance) for trade receivables	23	326	(13)	(77)
Allowance for impairment in goodwill	106	-	6	-
Dividend income from quoted / unquoted securities	(50)	(49)	-	-
Interest expenses	20,556	28,492	5,825	4,949
Exchange differences	6,249	1,243	5,949	(4,929)
Operating cash flow before working capital changes	98,318	90,397	36,304	19,875
Changes in operating assets and liabilities:				
Other financial assets / liabilities, at fair value through profit or loss	(6,366)	12,061	7,162	7,978
Trade, outstanding contracts and other receivables	(390,362)	25,926	(85,537)	411,042
Trade, outstanding contracts and other payables	199,905	295,996	70,929	(240,188)
Cash (used in) / from operations	(98,505)	424,380	28,858	198,707
Interest paid	(20,556)	(28,492)	(5,825)	(4,949)
Income tax paid	(11,237)	(7,812)	(3,411)	(3,322)
Net cash (used in) / from operating activities	(130,298)	388,076	19,622	190,436
Investing activities				
Payments for property, plant and equipment	(3,788)	(4,605)	(2,735)	(3,196)
Proceeds from disposal of property, plant and equipment	525	208	61	23
Proceeds from capital redemption of available-for-sale investments	-	267	-	47
Acquisition of business	-	(15,935)	-	(15,935)
Dividends received from quoted / unquoted securities	50	49	-	-
Net cash used in investing activities	(3,213)	(20,016)	(2,674)	(19,061)
Financing activities				
Drawdown / (repayment) of short-term bank loans	85,612	(235,839)	52,007	(73,277)
Payment to non-controlling interests for additional interest in a subsidiary	(1,191)	(297)	(88)	(221)
Payment to non-controlling interests for dividend	(284)	(302)	2	7
Dividends paid	(15,471)	(20,458)	-	-
Net cash from / (used in) financing activities	68,666	(256,896)	51,921	(73,491)

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			
	9 months ended 30/09/2017 S\$'000	9 months ended 30/09/2016 S\$'000	3 months ended 30/09/2017 S\$'000	3 months ended 30/09/2016 S\$'000
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(6,249)	(1,243)	(5,949)	4,929
Net (decrease)/increase in cash and cash equivalents during the financial period	(71,094)	109,921	62,920	102,813
Cash and cash equivalents at beginning of the financial period	545,903	372,201	411,889	379,309
Cash and cash equivalents at end of the financial period	<u>474,809</u>	<u>482,122</u>	<u>474,809</u>	<u>482,122</u>

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

	The Group	
	As at 30/09/2017 S\$'000	As at 30/09/2016 S\$'000
Cash and bank balances	489,056	485,412
Less: Bank overdrafts	(14,247)	(3,290)
Cash and cash equivalents per consolidated cash flow statement	<u>474,809</u>	<u>482,122</u>

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 2017	155,616	1,739	52	1,132	(23,720)	1,224,178	1,358,997	20,035	1,379,032
Total comprehensive income for first quarter									
Profit for the period	-	-	-	-	-	19,735	19,735	438	20,173
Other comprehensive income	-	10	-	(49)	(15,467)	-	(15,506)	117	(15,389)
Total	-	10	-	(49)	(15,467)	19,735	4,229	555	4,784
Transfer to statutory reserve	-	35	-	-	-	(35)	-	-	-
Acquisition of additional interest in a subsidiary	-	16	389	-	-	-	405	(1,031)	(626)
Balance at 31 March 2017	155,616	1,800	441	1,083	(39,187)	1,243,878	1,363,631	19,559	1,383,190
Total comprehensive income for second quarter									
Profit for the period	-	-	-	-	-	16,504	16,504	244	16,748
Other comprehensive income	-	(5)	-	-	(7,355)	-	(7,360)	(83)	(7,443)
Total	-	(5)	-	-	(7,355)	16,504	9,144	161	9,305
Payment of dividends by a subsidiary	-	-	-	-	-	-	-	(286)	(286)
Final dividend for 2016 paid	11,949	-	-	-	-	(27,420)	(15,471)	-	(15,471)
Acquisition of additional interest in a subsidiary	-	12	298	-	-	-	310	(787)	(477)
Balance at 30 June 2017	167,565	1,807	739	1,083	(46,542)	1,232,962	1,357,614	18,647	1,376,261
Total comprehensive income for third quarter									
Profit for the period	-	-	-	-	-	18,169	18,169	271	18,440
Other comprehensive income	-	8	-	(40)	(6,167)	-	(6,199)	61	(6,138)
Total	-	8	-	(40)	(6,167)	18,169	11,970	332	12,302
Payment of dividends by a subsidiary	-	-	-	-	-	-	-	2	2
Acquisition of additional interest in a subsidiary	-	3	62	-	-	-	65	(154)	(89)
Balance at 30 September 2017	167,565	1,818	801	1,043	(52,709)	1,251,131	1,369,649	18,827	1,388,476

(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 2016	141,326	1,678	(276)	1,355	(35,737)	1,201,962	1,310,308	19,031	1,329,339
Total comprehensive income the first quarter									
Profit for the period	-	-	-	-	-	14,162	14,162	295	14,457
Other comprehensive income	-	(39)	-	12	(18,425)	-	(18,452)	(450)	(18,902)
Total	-	(39)	-	12	(18,425)	14,162	(4,290)	(155)	(4,445)
Balance at 31 March 2016	141,326	1,639	(276)	1,367	(54,162)	1,216,124	1,306,018	18,876	1,324,894
Total comprehensive income for second quarter									
Profit for the period	-	-	-	-	-	15,994	15,994	242	16,236
Other comprehensive income	-	(1)	-	(130)	(1,907)	-	(2,038)	(5)	(2,043)
Total	-	(1)	-	(130)	(1,907)	15,994	13,956	237	14,193
Acquisition of additional interest in a subsidiary	-	2	63	-	-	-	65	(141)	(76)
Payment of dividends by a subsidiary	-	-	-	-	-	-	-	(309)	(309)
Final dividend for 2015 paid	14,289	-	-	-	-	(34,747)	(20,458)	-	(20,458)
Balance at 30 June 2016	155,615	1,640	(213)	1,237	(56,069)	1,197,371	1,299,581	18,663	1,318,244
Total comprehensive income for third quarter									
Profit for the period	-	-	-	-	-	14,660	14,660	523	15,183
Other comprehensive income	-	42	-	-	7,332	411	7,785	559	8,344
Total	-	42	-	-	7,332	15,071	22,445	1,082	23,527
Acquisition of additional interest in a subsidiary	-	7	144	-	-	-	151	(372)	(221)
Payment of dividends by a subsidiary	-	-	-	-	-	-	-	7	7
Balance at 30 September 2016	155,615	1,689	(69)	1,237	(48,737)	1,212,442	1,322,177	19,380	1,341,557

- 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 COMPANY

	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
Balance at 1 January 2017	155,616	198,651	354,267
Total comprehensive income for first quarter	-	747	747
Balance at 31 March 2017	155,616	199,398	355,014
Total comprehensive income for second quarter	-	733	733
Final dividend for 2016 paid	11,949	(27,420)	(15,471)
Balance at 30 June 2017	167,565	172,711	340,276
Total comprehensive income for third quarter	-	(103)	(103)
Balance at 30 September 2017	167,565	172,608	340,173

	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
Balance at 1 January 2016	141,326	198,443	339,769
Total comprehensive loss for first quarter	-	(1,784)	(1,784)
Balance at 31 March 2016	141,326	196,659	337,985
Total comprehensive income for second quarter	-	2,178	2,178
Final dividend for 2015 paid	14,289	(34,747)	(20,458)
Balance at 30 June 2016	155,615	164,090	319,705
Total comprehensive income for third quarter	-	455	455
Balance at 30 September 2016	155,615	164,545	320,160

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.

Ordinary shares	Number of shares			
	9 months ended 30/09/2017	9 months ended 30/09/2016	3 months ended 30/09/2017	3 months ended 30/09/2016
Balance at beginning of period	783,453,546	772,155,868	792,820,312	783,453,546
Issue of shares under scrip dividend scheme	9,366,766	11,297,678	-	-
Balance at end of period	792,820,312	783,453,546	792,820,312	783,453,546

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.

	30 September 2017	31 December 2016
No. of shares	792,820,312	783,453,546

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 auditing standard or practice (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 2016.

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 financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	The Group			
	9 months ended 30/9/2017	9 months ended 30/09/2016	3 months ended 30/09/2017	3 months ended 30/09/2016
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	6.91 cents	5.77 cents	2.29 cents	1.87 cents
(ii) On a fully diluted basis	6.91 cents	5.77 cents	2.29 cents	1.87 cents

- 7 **Net asset value (for the issuer and group) per ordinary share based on total number of issued shares excluding treasury shares 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 30/9/2017	As at 31/12/2016	As at 30/9/2017	As at 31/12/2016
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on	172.76 cents	173.46 cents	42.91 cents	45.22 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

3Q17 vs 3Q16

Trading volumes in major regional markets where we operate rose substantially. The Group recorded a pre-tax profit of S\$22.3 million and after tax profit of S\$18.4 million, an increase of 24.5% and 21.5% respectively.

Commission income grew from S\$51.2 million to S\$63.0 million, reflecting an increase of 23.1% on higher market volumes. Interest income increased 14.1% from S\$19.6 million to S\$22.4 million with higher financing activities. Other operating revenue increased 10.5% from S\$5.9 million to S\$6.6 million with higher corporate finance activities.

Commission and personnel expenses rose due to higher business volume. Commission expenses increased 16.9% from S\$12.1 million to S\$14.2 million while personnel expenses increased by 18.6% from S\$26.5 million to S\$31.5 million. Finance expenses increased 17.7% from S\$4.9 million to S\$5.8 million with higher financing activities and rising interest rates. Tax expense rose with higher profits.

9M17 vs 9M16

The group recorded profit before tax of S\$65.2 million and profit after tax of S\$55.4 million, an increase of 20.3% and 20.7% respectively.

Market sentiment has turned optimistic on the back of improving economic prospects. Commission income increased from S\$146.7 million to S\$184.5 million, an increase of 25.7%. Interest income reduced from S\$78.2 million to S\$69.6 million with less structured financing activities. Other operating revenue declined 6.3% from S\$17.9 million to S\$16.8 million with lower structured and corporate finance activities.

Commission expenses rose 29.8% from S\$32.9 million to S\$42.8 million and personnel expenses increased 16.4% from S\$76.7 million to S\$89.2 million, in line with higher business volumes. Finance expenses decreased with lower financing activities. Other operating expenses increased 4.9% from S\$47.1 million to S\$49.5 million.

Balance Sheet

The Group's financial health remains strong with net asset value as at 30 September 2017 of S\$1.39 billion. There were no significant changes in the composition of Group balance sheet items except for working capital 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.

Global and regional markets remained resilient in Q3 2017. The rising tide of enbloc property sales in Singapore is expected to release over S\$6 billion of liquidity into the Singapore economy and this is expected to benefit the property as well as financial sectors.

We remain optimistic about our prospects in regional as well as global markets as investor confidence improves.

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 or recommended for the quarter ended 30 September 2017.

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 Directors and Executive Officers' undertakings pursuant to Listing Rule 720(1)

The Company has procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1).

15 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 30 September 2017 to be false or misleading in any material aspect.

By order of the Board of Directors

Wee Ee-chao
Managing Director

Esmond Choo
Executive Director

BY ORDER OF THE BOARD

Wee Ee-chao
Managing Director
8 November 2017