



UOB-KAY HIAN HOLDINGS LIMITED

Financial Statements

And Dividend Announcement

For Second Quarter Ended 30 June 2015

(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					
	6 months ended 30/06/2015	6 months ended 30/06/2014	Increase / (Decrease) %	3 months ended 30/06/2015	3 months ended 30/06/2014	Increase / (Decrease) %
	S\$'000	S\$'000		S\$'000	S\$'000	
COMPREHENSIVE INCOME STATEMENT						
Revenue						
Commission income	121,888	112,999	7.9	66,338	56,723	17.0
Interest income	58,350	47,023	24.1	35,462	26,021	36.3
Dividend from quoted / unquoted securities	69	452	(84.7)	69	452	(84.7)
Other operating revenue	17,853	12,169	46.7	6,483	5,453	18.9
Total revenue	198,160	172,643	14.8	108,352	88,649	22.2
Foreign exchange gain	3,986	2,452	62.6	(428)	1,162	N.M
Realised gain on financial assets, available for sale	14	-	N.M	14	-	N.M
Total income	202,160	175,095	15.5	107,938	89,811	20.2
Costs and expenses						
Commission expenses	(24,698)	(26,525)	(6.9)	(10,048)	(12,607)	(20.3)
Personnel expenses	(63,547)	(53,501)	18.8	(31,696)	(27,442)	15.5
Depreciation expenses	(4,335)	(4,499)	(3.6)	(2,155)	(2,208)	(2.4)
Allowance for impairment of trade debtors & bad debts written off	(508)	(282)	80.1	(249)	(206)	20.9
Net fair value (loss) / gain on financial assets / liabilities through profit or loss	(1,884)	78	N.M	(1,357)	340	N.M
Allowance for impairment of goodwill	-	(1,258)	N.M	-	(1,158)	N.M
Finance expenses	(23,441)	(15,694)	49.4	(17,546)	(10,746)	63.3
Other operating expenses	(33,742)	(32,223)	4.7	(16,486)	(15,347)	7.4
	(152,155)	(133,904)	13.6	(79,537)	(69,374)	14.6
Profit before tax	50,005	41,191	21.4	28,401	20,437	39.0
Income tax expense*	(7,529)	(6,020)	25.1	(4,663)	(3,389)	37.6
Profit after tax	42,476	35,171	20.8	23,738	17,048	39.2
Other comprehensive (expense) / income (net of tax):						
Foreign currency translation difference	588	(3,566)	N.M	(17,100)	(4,719)	262.4
Available-for-sale financial assets	(209)	(293)	(28.7)	(178)	(1,272)	(86.0)
	379	(3,859)	N.M	(17,278)	(5,991)	188.4
Total comprehensive income for the period	42,855	31,312	36.9	6,460	11,057	(41.6)

*Over provision of taxation in respect of prior years in the 6 months ended 30 June 2015 is \$152,730. (6 months ended 30 June 2014: \$142,906)

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					Increase / (Decrease) %
	6 months ended 30/06/2015 S\$'000	6 months ended 30/06/2014 S\$'000	Increase / (Decrease) %	3 months ended 30/06/2015 S\$'000	3 months ended 30/06/2014 S\$'000	
Profit attributable to :						
Owners of the Company	41,527	34,722	19.6	23,496	16,841	39.5
Non-controlling interests	949	449	111.4	242	207	16.9
	42,476	35,171	20.8	23,738	17,048	39.2
Total comprehensive income attributable to:						
Owners of the Company	42,049	30,559	37.6	7,311	10,986	(33.5)
Non-controlling interests	806	753	7.0	(851)	71	N.M
	42,855	31,312	36.9	6,460	11,057	(41.6)

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 30/06/2015 S\$'000	As at 31/12/2014 S\$'000	As at 30/06/2015 S\$'000	As at 31/12/2014 S\$'000
ASSETS				
<u>Current assets</u>				
Cash and bank balances	321,137	180,959	480	313
Outstanding contracts receivable	708,769	529,252	-	-
Trade receivables	2,194,626	1,705,153	-	-
Other financial assets, at fair value through profit or loss	22,138	161	-	-
Other current assets	66,741	37,653	37,446	33,939
Derivative financial instruments	9	7	-	-
Total current assets	3,313,420	2,453,185	37,926	34,252
<u>Non-current assets</u>				
Trade and other receivables	23,274	86,563	202	198
Goodwill	5,443	5,697	-	-
Subsidiaries	-	-	349,374	349,374
Financial assets, available-for-sale	9,707	25,124	-	-
Trading rights in Exchanges	100	98	-	-
Memberships in Exchanges	215	217	-	-
Property, plant and equipment	50,669	53,564	-	-
Deferred tax assets	1,119	1,841	-	-
Total non-current assets	90,527	173,104	349,576	349,572
Total assets	3,403,947	2,626,289	387,502	383,824
LIABILITIES AND EQUITY				
<u>Current liabilities</u>				
Outstanding contracts payable	725,806	485,000	-	-
Trade and other payables	213,401	101,527	89,044	82,477
Borrowings	664,514	384,206	400	-
Debts issued	501,826	392,462	-	-
Income tax payable	11,197	11,464	-	-
Derivative financial instruments	74	160	-	-
Total current liabilities	2,116,818	1,374,819	89,444	82,477
<u>Non-current liabilities</u>				
Trade and other payables	2,215	2,215	-	-
Deferred tax liabilities	992	970	-	-
Total non-current liabilities	3,207	3,185	-	-
Total liabilities	2,120,025	1,378,004	89,444	82,477
<u>Equity</u>				
Capital, reserves and non-controlling interests				
Share capital	141,326	110,677	141,326	110,677
Reserves	(47,585)	(48,107)	-	-
Retained earnings	1,171,521	1,167,505	156,732	190,670
Equity attributable to owners of the Company	1,265,262	1,230,075	298,058	301,347
Non-controlling interests	18,660	18,210	-	-
Total equity	1,283,922	1,248,285	298,058	301,347
Total liabilities and equity	3,403,947	2,626,289	387,502	383,824
<u>Clients' trust / segregated accounts</u>				
Bank balances				
- with related parties	457,273	410,980	-	-
- with non-related banks	1,046,686	771,096	-	-
Margin with clearing houses	41,252	9,372	-	-
Less: Amounts held in trust	(1,545,211)	(1,191,448)	-	-
	-	-	-	-

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

	The Group			
	As at 30/06/2015		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	655,715	8,799	372,771	11,435
Amounts repayable after one year	-	-	-	-

As at period end, the Group had debts issued amounting to S\$501,826,304. 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\$655,715,094 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			
	6 months ended 30/06/2015	6 months ended 30/06/2014	3 months ended 30/06/2015	3 months ended 30/06/2014
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit before income tax	50,005	41,191	28,401	20,437
Adjustments for:				
Depreciation expenses	4,335	4,499	2,155	2,208
Net loss / (gain) on disposal of property, plant and equipment	3	(24)	3	2
Allowance for trade receivables	128	338	231	235
Gain on sale of financial assets, available for sale	(14)	-	(14)	-
Loss on disposal of trading rights	-	320	-	320
Impairment in goodwill	-	1,258	-	1,158
Dividend income from quoted / unquoted securities	(69)	(452)	(69)	(452)
Interest expenses	23,441	15,694	17,546	10,746
Exchange differences	2,972	(543)	7,859	(913)
Operating cash flow before working capital changes	80,801	62,281	56,112	33,741
Changes in operating assets and liabilities:				
Other financial assets / liabilities, at fair value through profit or loss	(21,954)	50,342	3,281	15,158
Financial assets, available for sale	15,229	(1,053)	(922)	4,474
Trade, outstanding contracts and other receivables	(524,769)	(88,597)	845,190	284,980
Trade, outstanding contracts and other payables	352,966	(50,351)	115,165	(217,948)
Cash (used in) / generated from operations	(97,727)	(27,378)	1,018,826	120,405
Interest paid	(23,441)	(15,694)	(17,546)	(10,746)
Income tax paid	(7,091)	(8,328)	(6,058)	(8,008)
Net cash (used in) / provided by operating activities	(128,259)	(51,400)	995,222	101,651
Investing activities				
Payments for property, plant and equipment	(1,849)	(874)	(986)	(414)
Proceeds from disposal of property, plant and equipment	51	82	1	8
Proceeds from disposal of trading rights	-	142	-	142
Proceeds from disposal of financial assets, available for sale	46	-	46	-
Dividends received from quoted / unquoted securities	69	452	69	452
Net cash (used in) / from investing activities	(1,683)	(198)	(870)	188
Financing activities				
Drawdown / (repayment) of short-term bank loans	283,040	27,674	(850,021)	(108,920)
Payment to non-controlling interests for additional interest in a subsidiary	-	(2,632)	-	(1,439)
Payment to non-controlling interests for dividend	(356)	(473)	(356)	(473)
Dividends paid	(6,861)	(8,900)	(6,861)	(8,900)
Net cash from / (used in) financing activities	275,823	15,669	(857,238)	(119,732)

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			
	6 months ended 30/06/2015 S\$'000	6 months ended 30/06/2014 S\$'000	3 months ended 30/06/2015 S\$'000	3 months ended 30/06/2014 S\$'000
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(2,972)	543	(7,859)	913
Net increase/(decrease) in cash and cash equivalents during the financial period	142,909	(35,386)	129,255	(16,980)
Cash and cash equivalents at beginning of the financial period	171,491	234,410	185,145	216,004
Cash and cash equivalents at end of the financial period	<u>314,400</u>	<u>199,024</u>	<u>314,400</u>	<u>199,024</u>

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

	The Group	
	As at 30/06/2015 S\$'000	As at 30/06/2014 S\$'000
Cash and bank balances	321,137	212,890
Less: Bank overdrafts	(6,737)	(13,866)
Cash and cash equivalents per consolidated cash flow statement	<u>314,400</u>	<u>199,024</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 2015	110,677	1,714	(276)	3,137	(52,682)	1,167,505	1,230,075	18,210	1,248,285
Total comprehensive income for first quarter									
Profit for the period	-	-	-	-	-	18,031	18,031	707	18,738
Other comprehensive income	-	88	-	30	16,589	-	16,707	950	17,657
Total	-	88	-	30	16,589	18,031	34,738	1,657	36,395
Balance at 31 March 2015	110,677	1,802	(276)	3,167	(36,093)	1,185,536	1,264,813	19,867	1,284,680
Total comprehensive income for second quarter									
Profit for the period	-	-	-	-	-	23,496	23,496	242	23,738
Other comprehensive income	-	(99)	-	(225)	(15,861)	-	(16,185)	(1,093)	(17,278)
Total	-	(99)	-	(225)	(15,861)	23,496	7,311	(851)	6,460
Final dividend for 2014 paid	30,649	-	-	-	-	(37,511)	(6,862)	-	(6,862)
Payment of dividend by a subsidiary	-	-	-	-	-	-	-	(356)	(356)
Balance at 30 June 2015	141,326	1,703	(276)	2,942	(51,954)	1,171,521	1,265,262	18,660	1,283,922

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 2014	72,471	1,661	(1,246)	3,090	(68,034)	1,140,166	1,148,108	20,221	1,168,329
Total comprehensive income the first quarter									
Profit for the period	-	-	-	-	-	17,881	17,881	242	18,123
Other comprehensive income	-	2	-	961	729	-	1,692	440	2,132
Total	-	2	-	961	729	17,881	19,573	682	20,255
Acquisition of additional interest in subsidiary	-	32	754	-	-	-	786	(1,979)	(1,193)
Transfer to statutory reserve	-	(81)	-	-	-	81	-	-	-
Balance at 31 March 2014	72,471	1,614	(492)	4,051	(67,305)	1,158,128	1,168,467	18,924	1,187,391
Total comprehensive income for second quarter									
Profit for the period	-	-	-	-	-	16,841	16,841	207	17,048
Other comprehensive income	-	(15)	-	(1,250)	(4,590)	-	(5,855)	(136)	(5,991)
Total	-	(15)	-	(1,250)	(4,590)	16,841	10,986	71	11,057
Acquisition of additional interest in subsidiary	-	39	624	-	-	-	663	(2,102)	(1,439)
Payment of dividends by a subsidiary	-	-	-	-	-	-	-	(473)	(473)
Final dividend for 2013 paid	38,206	-	-	-	-	(47,106)	(8,900)	-	(8,900)
Balance at 30 June 2014	110,677	1,638	132	2,801	(71,895)	1,127,863	1,171,216	16,420	1,187,636

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 2015	110,677	190,670	301,347
Total comprehensive loss for first quarter	-	680	680
Balance at 31 March 2015	110,677	191,350	302,027
Total comprehensive income for second quarter	-	2,893	2,893
Final dividend for 2014 paid	30,649	(37,511)	(6,862)
Balance at 30 June 2015	141,326	156,732	298,058

	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
Balance at 1 January 2014	72,471	197,526	269,997
Total comprehensive loss for first quarter	-	(107)	(107)
Balance at 31 March 2014	72,471	197,419	269,890
Total comprehensive income for second quarter	-	1,335	1,335
Final dividend for 2013 paid	38,206	(47,106)	(8,900)
Balance at 30 June 2014	110,677	151,648	262,325

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.

	Number of shares			
	6 months ended 30/6/2015	6 months ended 30/06/2014	3 months ended 30/06/2015	3 months ended 30/06/2014
Ordinary shares				
Balance at beginning of period	750,214,907	724,709,009	750,214,907	724,709,009
Issue of shares under scrip dividend scheme	21,940,961	25,505,898	21,940,961	25,505,898
Balance at end of period	772,155,868	750,214,907	772,155,868	750,214,907

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 June 2015	31 December 2014
No. of shares	772,155,868	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 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 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 financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	The Group			
	6 months ended 30/6/2015	6 months ended 30/06/2014	3 months ended 30/06/2015	3 months ended 30/06/2014
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	5.52 cents	4.78 cents	3.12 cents	2.31 cents
(ii) On a fully diluted basis	5.52 cents	4.78 cents	3.12 cents	2.31 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 30/6/2015	As at 31/12/2014	As at 30/6/2015	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	163.86 cents	163.96 cents	38.60 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

2Q15 vs 2Q14

Trading volume in Hong Kong market surged to levels not seen in recent times and this has assisted the Group in achieving pre-tax profit of S\$28.4 million and after tax profit of S\$23.7 million, an increase of 39.0% and 39.2% respectively.

Commission income rose from S\$56.7 million to S\$66.3 million, reflecting an increase of 17.0%. Interest income grew 36.3% from S\$26.0 million to S\$35.5 million with higher financing activities. Other operating revenue increased 18.9% from S\$5.5 million to S\$6.5 million with higher corporate finance activities.

Commission expenses decreased 20.3% from S\$12.6 million to S\$10.0 million as a result of lower agency volumes. Personnel expenses grew 15.5% from S\$27.4 million to S\$31.7 million, due to higher turnover volume transacted by employee dealers. The increase in finance expenses was due to higher financing activities. Other operating expenses rose with higher trading volumes.

1H15 vs 1H14

The group recorded profit before tax of S\$50.0 million and profit after tax of S\$42.5 million, an increase of 21.4% and 20.8% respectively.

Market sentiment remained cautious in Singapore, our major market segment. However, buoyant markets in Hong Kong and Thailand made up for the shortfall. Commission income increased from S\$113.0 million to S\$121.9 million, representing an increase of 7.9%. Interest income rose 24.1% from S\$47.0 million to S\$58.4 million due to higher financing activities. Other operating revenue increased by 46.7% from S\$12.2 million to S\$17.9 million with higher corporate finance activities.

Commission expenses declined by 6.9% from S\$26.5 million to S\$24.7 million but personnel expenses rose 18.8% from S\$53.5 million to S\$63.4 million, reflecting the relative contributions of our remisier and employee sales channels. Finance expenses increased in line with higher lending activities.

Balance Sheet

The Group's net asset value of S\$1.28 billion as at 30 June 2015 reflects a healthy financial position. 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.**

Initial optimism in the recovery of the market in the second half of 2015 were dashed by the precipitous drop of the Hong Kong and Shanghai markets. This is expected to hurt investor confidence in the coming months.

Other factors weighing heavily on the global, and hence regional markets, are the continued reverberations from sovereign debt defaults, volatile exchange rates and commodity prices and their impact on the real economy.

We are therefore increasingly cautious of business prospects over the next 12 months.

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 or recommended for the quarter ended 30 June 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 30 June 2015 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
13 August 2015