

# UOB KayHian

**UOB-KAY HIAN HOLDINGS LIMITED**

**Financial Statements**

And Dividend Announcement

For First Quarter Ended 31 March 2016

(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) %
	31/03/2016	31/03/2015	
	S\$'000	S\$'000	
<b>Revenue</b>			
Commission income	50,676	55,550	(8.8)
Interest income	20,193	22,888	(11.8)
Other operating revenue	6,322	11,370	(44.4)
Total revenue	77,191	89,808	(14.0)
Foreign exchange (loss) / gain	(561)	4,414	N.M
<b>Total income</b>	<b>76,630</b>	<b>94,222</b>	(18.7)
<b>Costs and expenses</b>			
Commission expenses	(10,120)	(14,650)	(30.9)
Personnel expenses	(24,738)	(31,851)	(22.3)
Depreciation expenses	(2,119)	(2,180)	(2.8)
Allowance for impairment of trade debtors & bad debts written off	(305)	(259)	17.8
Net fair value loss on financial assets / liabilities through profit or loss	(214)	(527)	(59.4)
Finance expenses	(6,165)	(5,895)	4.6
Other operating expenses	(16,057)	(17,256)	(6.9)
	<b>(59,718)</b>	<b>(72,618)</b>	(17.8)
<b>Profit before tax</b>	<b>16,912</b>	<b>21,604</b>	(21.7)
Income tax expense*	(2,455)	(2,866)	(14.3)
<b>Profit after tax</b>	<b>14,457</b>	<b>18,738</b>	(22.8)
<b>Other comprehensive (expense) / income (net of tax):</b>			
Foreign currency translation difference	(18,950)	17,688	N.M
Available-for-sale financial assets	48	(31)	N.M
	<b>(18,902)</b>	<b>17,657</b>	N.M
<b>Total comprehensive income for the period</b>	<b>(4,445)</b>	<b>36,395</b>	N.M

\*Under / (Over) provision of taxation in respect of prior years in the 3 months ended 31 March 2016 is S\$483. [3 months ended 31 March 2015: (S\$123,126)]

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 31/03/2016	3 months ended 31/03/2015	Increase / (Decrease) %
	<b>S\$'000</b>	<b>S\$'000</b>	
<b>Profit attributable to:</b>			
Owners of the Company	14,162	18,031	(21.5)
Non-controlling interests	295	707	(58.3)
	<b>14,457</b>	<b>18,738</b>	(22.8)
 <b>Total comprehensive (expense) / income attributable to:</b>			
Owners of the Company	(4,290)	34,738	N.M
Non-controlling interests	(155)	1,657	N.M
	<b>(4,445)</b>	<b>36,395</b>	N.M

**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 31/03/2016 S\$'000	As at 31/12/2015 S\$'000	As at 31/03/2016 S\$'000	As at 31/12/2015 S\$'000
<b>ASSETS</b>				
<b><u>Current assets</u></b>				
Cash and bank balances	476,230	372,227	85	145
Outstanding contracts receivable	673,945	370,566	-	-
Trade receivables	1,601,606	1,814,078	-	-
Other financial assets, at fair value through profit or loss	26,383	21,267	-	-
Other current assets	37,886	31,793	41,227	66,213
Derivative financial instruments	14	9	-	-
<b>Total current assets</b>	<b>2,816,064</b>	<b>2,609,940</b>	<b>41,312</b>	<b>66,358</b>
<b><u>Non-current assets</u></b>				
Trade and other receivables	216,048	226,320	203	212
Goodwill	1,384	1,417	-	-
Subsidiaries	-	-	359,374	349,374
Available-for-sale investments	3,193	3,411	-	-
Trading rights in Exchanges	99	103	-	-
Memberships in Exchanges	208	212	-	-
Property, plant and equipment	45,815	47,367	-	-
Deferred tax assets	1,010	1,029	-	-
<b>Total non-current assets</b>	<b>267,757</b>	<b>279,859</b>	<b>359,577</b>	<b>349,586</b>
<b>Total assets</b>	<b>3,083,821</b>	<b>2,889,799</b>	<b>400,889</b>	<b>415,944</b>
<b>LIABILITIES AND EQUITY</b>				
<b><u>Current liabilities</u></b>				
Outstanding contracts payable	688,819	335,066	-	-
Trade and other payables	58,646	86,435	62,301	75,563
Borrowings	579,303	662,134	603	612
Debts issued	419,010	465,894	-	-
Income tax payable	11,011	8,762	-	-
Derivative financial instruments	240	45	-	-
<b>Total current liabilities</b>	<b>1,757,029</b>	<b>1,558,336</b>	<b>62,904</b>	<b>76,175</b>
<b><u>Non-current liabilities</u></b>				
Trade and other payables	1,031	1,262	-	-
Deferred tax liabilities	867	862	-	-
<b>Total non-current liabilities</b>	<b>1,898</b>	<b>2,124</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>1,758,927</b>	<b>1,560,460</b>	<b>62,904</b>	<b>76,175</b>
<b><u>Equity</u></b>				
Capital, reserves and non-controlling interests				
Share capital	141,326	141,326	141,326	141,326
Reserves	(51,432)	(32,980)	-	-
Retained earnings	1,216,124	1,201,962	196,659	198,443
Equity attributable to owners of the Company	1,306,018	1,310,308	337,985	339,769
Non-controlling interests	18,876	19,031	-	-
<b>Total equity</b>	<b>1,324,894</b>	<b>1,329,339</b>	<b>337,985</b>	<b>339,769</b>
<b>Total liabilities and equity</b>	<b>3,083,821</b>	<b>2,889,799</b>	<b>400,889</b>	<b>415,944</b>
<b><u>Clients' trust / segregated accounts</u></b>				
Bank balances				
- with related parties	378,102	326,170	-	-
- with non-related banks	1,036,694	1,081,169	-	-
Margin with clearing houses	56,818	54,068	-	-
Less: Amounts held in trust	(1,471,614)	(1,461,407)	-	-
	-	-	-	-

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

	The Group			
	As at 31/03/2016		As at 31/12/2015	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amounts repayable in one year or less, or on demand	577,444	1,859	657,171	4,963
Amounts repayable after one year	-	-	-	-

As at period end, the Group had debts issued amounting to S\$419,010,095. 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\$577,443,894 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 31/03/2016 S\$'000	3 months ended 31/03/2015 S\$'000
<b>Operating activities</b>		
Profit before income tax	16,912	21,604
Adjustments for:		
Depreciation expense	2,119	2,180
Gain on disposal of property, plant and equipment	(17)	-
Allowance (write back of allowance) for trade receivables	302	(103)
Interest expense	6,165	5,895
Exchange differences	9,605	(4,887)
Operating cash flow before working capital changes	35,086	24,689
Changes in operating assets and liabilities:		
Other financial assets / liabilities at fair value through profit or loss	(5,326)	(25,235)
Trade, outstanding contracts and other receivables	(139,411)	(1,369,959)
Trade, outstanding contracts and other payables	312,779	237,801
Cash generated from (used in) operations	203,128	(1,132,704)
Interest paid	(6,165)	(5,895)
Income tax paid	(131)	(1,033)
<b>Net cash from (used in) operating activities</b>	<b>196,832</b>	<b>(1,139,632)</b>
<b>Investing activities</b>		
Payments for property, plant and equipment	(508)	(863)
Proceeds from disposal of available-for-sale investments	-	16,151
Proceeds from disposal of property, plant and equipment	115	50
<b>Net cash (used in) from investing activities</b>	<b>(393)</b>	<b>15,338</b>
<b>Financing activities</b>		
Net (repayment) drawdown of short-term bank loans	(87,062)	1,133,061
<b>Net cash (used in) from financing activities</b>	<b>(87,062)</b>	<b>1,133,061</b>
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(9,605)	4,887

- 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 31/03/2016	3 months ended 31/03/2015
	S\$'000	S\$'000
<b>Net increase in cash and cash equivalents during the financial period</b>	99,772	13,654
Cash and cash equivalents at beginning of the financial period	372,201	171,491
<b>Cash and cash equivalents at end of the financial period</b>	<b>471,973</b>	<b>185,145</b>

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

	The Group	
	As at 31/03/2016	As at 31/03/2015
	S\$'000	S\$'000
Cash and bank balances	476,230	205,358
Less: Bank overdrafts	(4,257)	(20,213)
Cash and cash equivalents per consolidated cash flow statement	<b>471,973</b>	<b>185,145</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 2016</b>	<b>141,326</b>	<b>1,678</b>	<b>(276)</b>	<b>1,355</b>	<b>(35,737)</b>	<b>1,201,962</b>	<b>1,310,308</b>	<b>19,031</b>	<b>1,329,339</b>
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	14,162	14,162	295	14,457
Other comprehensive income	-	(39)	-	12	(18,425)	-	(18,452)	(450)	(18,902)
<b>Total</b>	<b>-</b>	<b>(39)</b>	<b>-</b>	<b>12</b>	<b>(18,425)</b>	<b>14,162</b>	<b>(4,290)</b>	<b>(155)</b>	<b>(4,445)</b>
<b>Balance at 31 March 2016</b>	<b>141,326</b>	<b>1,639</b>	<b>(276)</b>	<b>1,367</b>	<b>(54,162)</b>	<b>1,216,124</b>	<b>1,306,018</b>	<b>18,876</b>	<b>1,324,894</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 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>

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

	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
<b>Balance at 1 January 2016</b>	141,326	198,443	339,769
Total comprehensive loss for first quarter		(1,784)	(1,784)
<b>Balance at 31 March 2016</b>	<b>141,326</b>	<b>196,659</b>	<b>337,985</b>

	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>

**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 2016	31 December 2015
No. of shares	772,155,868	772,155,868

**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 2015.

**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 31/03/16	3 months ended 31/03/15
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	1.83 cents	2.40 cents
(ii) On a fully diluted basis	1.83 cents	2.40 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 31/03/2016	As at 31/12/2015	As at 31/03/2016	As at 31/12/2015
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on	169.14 cents	169.69 cents	43.77 cents	44.00 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**

Regional markets suffered a major correction in January but recovered substantially by the end of the quarter. Owing to poor sentiment, retail participation remained low. It was in that challenging environment that the Group recorded a reduced pre-tax profit of \$16.9 million (2015 : \$21.6m)

Total revenue decreased 14.0% from \$89.8m to \$77.2m of which commission income accounted for \$50.7m (2015: \$55.6m). Interest income decreased from \$22.9m to \$20.2m with lower financing activities. Other operating income reduced from \$11.4m to \$6.3m because of lower corporate finance activities. Foreign exchange loss of \$0.6m (2015 : gain of \$4.4m) arose from revaluation of liquid assets arising from depreciation of USD and HKD against SGD during the quarter.

Commission and personnel expenses decreased in line with lower revenue. Other operating expenses declined with the implementation of cost control measures.

#### **Balance Sheet**

The Group's net asset value position remained healthy at \$1.3 billion as at 31 March 2016. 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 weak market we experienced in the first quarter of 2016 is expected to continue into the second quarter. However, as oil price stabilises and governments across the region adopt proactive policies to stimulate growth, we believe that the economy will start to improve prompting better investor sentiment in the second half of the year.

**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 2016

**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 2016 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 2016**