



**UOB-KAY HIAN HOLDINGS LIMITED**

Financial Statements

And Dividend Announcement

For Second Quarter Ended 30 June 2013

(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.

COMPREHENSIVE INCOME STATEMENT	The Group					
	6 months ended	6 months ended	Increase / (Decrease)	3 months ended	3 months ended	Increase / (Decrease)
	30/06/2013	30/06/2012	%	30/06/2013	30/06/2012	%
	S\$'000	S\$'000		S\$'000	S\$'000	
<b>Revenue</b>						
Commission income	165,598	114,026	45.2	78,740	48,181	63.4
Interest income	43,370	37,489	15.7	25,941	22,579	14.9
Dividend from quoted / unquoted securities	217	81	167.9	210	41	412.2
Other operating revenue	18,905	8,183	131.0	7,192	3,861	86.3
Total revenue	228,090	159,779	42.8	112,083	74,662	50.1
Foreign exchange gain	4,737	1,659	185.5	2,165	1,116	94.0
<b>Total income</b>	<b>232,827</b>	<b>161,438</b>	44.2	<b>114,248</b>	<b>75,778</b>	50.8
<b>Costs and expenses</b>						
Commission expenses	(39,060)	(28,743)	35.9	(18,451)	(12,637)	46.0
Personnel expenses	(67,895)	(45,399)	49.6	(31,732)	(21,864)	45.1
Depreciation expenses	(4,536)	(5,048)	(10.1)	(2,298)	(2,555)	(10.1)
Allowance / (Write back of allowance) impairment of trade debtors & bad debts written off	2	(421)	(100.5)	(176)	(442)	(60.2)
Net fair value (loss) / gain on financial assets / liabilities through profit or loss	(118)	2,074	(105.7)	(338)	569	(159.4)
Finance expenses	(14,424)	(13,042)	10.6	(10,998)	(9,881)	11.3
Other operating expenses	(33,157)	(28,351)	17.0	(16,573)	(13,280)	24.8
	<b>(159,188)</b>	<b>(118,930)</b>	33.9	<b>(80,566)</b>	<b>(60,090)</b>	34.1
<b>Profit before tax</b>	<b>73,639</b>	<b>42,508</b>	73.2	<b>33,682</b>	<b>15,688</b>	114.7
Income tax expense*	(12,645)	(6,113)	106.9	(5,922)	(2,929)	102.2
<b>Profit after tax</b>	<b>60,994</b>	<b>36,395</b>	67.6	<b>27,760</b>	<b>12,759</b>	117.6
<b>Other comprehensive income / (expense) (net of tax):</b>						
Foreign currency translation difference	8,785	(10,499)	(183.7)	(705)	140	(603.6)
Available-for-sale financial assets	903	1,189	(24.1)	85	122	(30.3)
	<b>9,688</b>	<b>(9,310)</b>	(204.1)	<b>(620)</b>	<b>262</b>	(336.6)
<b>Total comprehensive income for the period</b>	<b>70,682</b>	<b>27,085</b>	161.0	<b>27,140</b>	<b>13,021</b>	108.4

\*Under provision of taxation in respect of prior years in the 6 months ended 30 June 2013 is \$1,402. (6 months ended 30 June 2012: \$18,806)

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					
	6 months ended 30/06/2013	6 months ended 30/06/2012	Increase / (Decrease) %	3 months ended 30/06/2013	3 months ended 30/06/2012	Increase / (Decrease) %
	S\$'000	S\$'000		S\$'000	S\$'000	
<b>Profit attributable to :</b>						
Owners of the Company	58,558	35,584	64.6	26,650	12,426	114.5
Non-controlling interests	2,436	811	200.4	1,110	333	233.3
	<b>60,994</b>	<b>36,395</b>	67.6	<b>27,760</b>	<b>12,759</b>	117.6
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	67,844	26,883	152.4	26,916	13,094	105.6
Non-controlling interests	2,838	202	1,305.0	224	(73)	(406.8)
	<b>70,682</b>	<b>27,085</b>	161.0	<b>27,140</b>	<b>13,021</b>	108.4

**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.**

	<b>The Group</b>		<b>The Company</b>	
	As at 30/06/2013 S\$'000	As at 31/12/2012 S\$'000	As at 30/06/2013 S\$'000	As at 31/12/2012 S\$'000
<b>ASSETS</b>				
<b><u>Current assets</u></b>				
Cash and bank balances	189,926	246,906	305	396
Outstanding contracts receivable	1,019,626	797,772	-	-
Trade receivables	1,456,337	1,436,307	-	-
Other financial assets, at fair value through profit or loss	37,156	31,578	-	-
Other current assets	46,884	32,861	32,597	22,703
Derivative financial instruments	23	25	-	-
<b>Total current assets</b>	<b>2,749,952</b>	<b>2,545,449</b>	<b>32,902</b>	<b>23,099</b>
<b><u>Non-current assets</u></b>				
Trade and other receivables	-	-	189	183
Goodwill	3,364	4,606	-	-
Subsidiaries	-	-	337,463	265,854
Financial assets, available-for-sale	17,537	19,819	-	-
Trading rights in Exchanges	7,381	574	-	-
Memberships in Exchanges	222	220	-	-
Property, plant and equipment	63,682	63,146	-	-
Deferred tax assets	2,022	1,650	-	-
<b>Total non-current assets</b>	<b>94,208</b>	<b>90,015</b>	<b>337,652</b>	<b>266,037</b>
<b>Total assets</b>	<b>2,844,160</b>	<b>2,635,464</b>	<b>370,554</b>	<b>289,136</b>
<b>LIABILITIES AND EQUITY</b>				
<b><u>Current liabilities</u></b>				
Outstanding contracts payable	907,923	741,792	-	-
Trade and other payables	110,271	104,269	155,071	45,705
Borrowings	432,750	329,044	-	-
Debts issued	220,200	333,033	-	-
Income tax payable	18,191	12,955	-	-
Derivative financial instruments	4,309	2,512	-	-
<b>Total current liabilities</b>	<b>1,693,644</b>	<b>1,523,605</b>	<b>155,071</b>	<b>45,705</b>
<b><u>Non-current liabilities</u></b>				
Trade and other payables	3,096	3,135	-	-
Deferred tax liabilities	1,192	1,210	-	-
<b>Total non-current liabilities</b>	<b>4,288</b>	<b>4,345</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>1,697,932</b>	<b>1,527,950</b>	<b>155,071</b>	<b>45,705</b>
<b><u>Equity</u></b>				
Capital, reserves and non-controlling interests				
Share capital	72,471	72,471	72,471	72,471
Reserves	(53,559)	(62,996)	-	-
Retained earnings	1,105,486	1,076,092	143,012	170,960
Equity attributable to owners of the Company	1,124,398	1,085,567	215,483	243,431
Non-controlling interests	21,830	21,947	-	-
<b>Total equity</b>	<b>1,146,228</b>	<b>1,107,514</b>	<b>215,483</b>	<b>243,431</b>
<b>Total liabilities and equity</b>	<b>2,844,160</b>	<b>2,635,464</b>	<b>370,554</b>	<b>289,136</b>
<b><u>Clients' trust / segregated accounts</u></b>				
Bank balances				
- with related parties	371,635	283,475	-	-
- with non-related banks	683,963	527,591	-	-
Margin with clearing houses	11,379	19,127	-	-
Less: Amounts held in trust	(1,066,977)	(830,193)	-	-
	-	-	-	-

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

	The Group			
	As at 30/06/2013		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	414,032	18,718	300,208	28,836
Amounts repayable after one year	-	-	-	-

As at period end, the Group had debts issued amounting to S\$220,200,389. 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\$414,031,813 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 30/06/2013 S\$'000	6 months ended 30/06/2012 S\$'000	3 months ended 30/06/2013 S\$'000	3 months ended 30/06/2012 S\$'000
	<b>Operating activities</b>			
Profit before income tax	73,639	42,508	33,682	15,688
Adjustments for:				
Depreciation expenses	4,536	5,048	2,298	2,555
Net gain on disposal of property, plant and equipment	(4)	(16)	(12)	(1)
Write back allowance for trade receivables	37	327	287	440
Gain on disposal of subsidiary	(259)	-	(259)	-
Dividend income from quoted / unquoted securities	(217)	(81)	(210)	(41)
Interest expenses	14,424	13,042	10,998	9,881
Exchange differences	6,422	5,735	(3,752)	17,508
Operating cash flow before working capital changes	98,578	66,563	43,032	46,030
Changes in operating assets and liabilities:				
Other financial assets / liabilities, at fair value through profit or loss	(4,311)	(2,139)	(6,112)	(2,116)
Financial assets, available for sale	(1,376)	(4,032)	5,260	(1,086)
Trade, outstanding contracts and other receivables	(331,565)	(516,182)	(42,456)	89,496
Trade, outstanding contracts and other payables	142,204	488,984	18,699	59,591
Cash (used in) / generated from operations	(96,470)	33,194	18,423	191,915
Interest paid	(14,424)	(13,042)	(10,998)	(9,881)
Income tax paid	(6,546)	(8,801)	(5,958)	(8,354)
<b>Net cash (used in) / provided by operating activities</b>	(117,440)	11,351	1,467	173,680
<b>Investing activities</b>				
Payments for property, plant and equipment	(2,611)	(2,050)	(1,845)	(936)
Proceeds from disposal of property, plant and equipment	14	22	13	1
Proceeds from disposal of financial assets, available for sale	37	54	-	54
Acquisition of subsidiary	(19,089)	(6,697)	(850)	(6,697)
Disposal of subsidiary	4,719	-	4,719	-
Payment to non-controlling interests for dividend	(301)	(254)	(301)	(254)
Dividends received from quoted / unquoted securities	217	81	210	41
<b>Net cash (used in) / from investing activities</b>	(17,014)	(8,844)	1,946	(7,791)
<b>Financing activities</b>				
Drawdown / (repayment) of short-term bank loans	127,853	19,274	(14,961)	43,434
Payment to non-controlling interests for additional interest in a subsidiary	-	(353)	-	(133)
Dividends paid	(28,988)	(43,483)	(28,988)	(43,483)
<b>Net cash from / (used in) financing activities</b>	98,865	(24,562)	(43,949)	(182)
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	2,758	(15,598)	3,754	(17,020)

**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 30/06/2013	6 months ended 30/06/2012	3 months ended 30/06/2013	3 months ended 30/06/2012
	S\$'000	S\$'000	S\$'000	S\$'000
Net (decrease) / increase in cash and cash equivalents during the financial period	(32,831)	(37,653)	(36,782)	148,687
Cash and cash equivalents at beginning of the financial period	221,251	353,605	225,202	167,265
<b>Cash and cash equivalents at end of the financial period</b>	<b>188,420</b>	<b>315,952</b>	<b>188,420</b>	<b>315,952</b>

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

	The Group	
	As at 30/06/2013	As at 30/06/2012
	S\$'000	S\$'000
Cash and bank balances	189,926	326,846
Less: Bank overdrafts	(1,506)	(10,894)
<b>Cash and cash equivalents per consolidated cash flow statement</b>	<b>188,420</b>	<b>315,952</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 2013</b>	<b>72,471</b>	<b>1,542</b>	<b>(1,534)</b>	<b>2,447</b>	<b>(65,450)</b>	<b>1,076,092</b>	<b>1,085,568</b>	<b>21,947</b>	<b>1,107,515</b>
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	-
<b>Balance at 31 March 2013</b>	<b>72,471</b>	<b>1,779</b>	<b>(1,534)</b>	<b>3,320</b>	<b>(57,390)</b>	<b>1,107,824</b>	<b>1,126,470</b>	<b>24,587</b>	<b>1,151,057</b>
Total comprehensive income for second quarter	-	(69)	-	13	322	26,650	26,916	224	27,140
Final dividend for 2012 paid	-	-	-	-	-	(28,988)	(28,988)	-	(28,988)
Disposal of subsidiary	-	-	-	-	-	-	-	(2,680)	(2,680)
Payment of dividends by a subsidiary	-	-	-	-	-	-	-	(301)	(301)
<b>Balance at 30 June 2013</b>	<b>72,471</b>	<b>1,710</b>	<b>(1,534)</b>	<b>3,333</b>	<b>(57,068)</b>	<b>1,105,486</b>	<b>1,124,398</b>	<b>21,830</b>	<b>1,146,228</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 2012</b>	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
Transfer to statutory reserve	-	30	-	-	-	(30)	-	-	-
Acquisition of additional interest in a subsidiary	-	6	44	-	-	-	50	(270)	(220)
<b>Balance at 31 March 2012</b>	72,471	1,563	(1,548)	2,127	(54,605)	1,080,629	1,100,637	21,600	1,122,237
Total comprehensive income for second quarter	-	(30)	-	149	549	12,426	13,094	(73)	13,021
Final dividend for 2011 paid	-	-	-	-	-	(43,483)	(43,483)	-	(43,483)
Acquisition of additional interest in a subsidiary	-	3	14	-	-	-	17	(150)	(133)
Payment of dividends by a subsidiary	-	-	-	-	-	-	-	(254)	(254)
<b>Balance at 30 June 2012</b>	72,471	1,536	(1,534)	2,276	(54,056)	1,049,572	1,070,265	21,123	1,091,388

## STATEMENT OF CHANGES IN EQUITY – THE COMPANY

	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
<b>Balance at 1 January 2013</b>	72,471	170,960	243,431
Total comprehensive loss for first quarter	-	(94)	(94)
<b>Balance at 31 March 2013</b>	72,471	170,866	243,337
Total comprehensive income for second quarter	-	1,134	1,134
Final dividend for 2012 paid	-	(28,988)	(28,988)
<b>Balance at 30 June 2013</b>	72,471	143,012	215,483

**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)*

	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
<b>Balance at 1 January 2012</b>	72,471	177,065	249,536
Total comprehensive loss for first quarter	-	(70)	(70)
<b>Balance at 31 March 2012</b>	<b>72,471</b>	<b>176,995</b>	<b>249,466</b>
Total comprehensive income for second quarter	-	782	782
Final dividend for 2011 paid	-	(43,483)	(43,483)
<b>Balance at 30 June 2012</b>	<b>72,471</b>	<b>134,294</b>	<b>206,765</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.

	30 June 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 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 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 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 30/6/2013	6 months ended 30/06/2012	3 months ended 30/06/2013	3 months ended 30/06/2012
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	8.08 cents	4.91 cents	3.68 cents	1.71 cents
(ii) On a fully diluted basis	8.08 cents	4.91 cents	3.68 cents	1.71 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 30/6/2013	As at 31/12/2012	As at 30/6/2013	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	155.15 cents	149.79 cents	29.73 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**

**2Q13 vs 2Q12**

The Board is pleased to announce a set of good results this quarter.

Regional markets remained buoyant in most of 2Q13. The Group recorded pre-tax profit of S\$33.7 million and after tax profit of S\$27.8 million, an increase of 114.7% and 117.6% respectively over last year.

Commission income rose from S\$48.2 million to S\$78.7 million, reflecting an increase of 63.4%. Interest income grew 14.9% from S\$22.6 million to S\$25.9 million with higher financing activities. Other operating revenue expanded 86.3% from S\$3.9 million to S\$7.2 million due to higher facility fees.

Commission expenses increased 46.0% from S\$12.6 million to S\$18.5 million and personnel expenses increased 45.1% from S\$21.9 million to S\$31.7 million, in line with increase in commission income. The increase in finance expenses was due to higher financing activities. Other operating expenses rose after the acquisition of a subsidiary in Malaysia.

## 1H13 vs 1H12

The group recorded profit before tax of S\$73.6 million and profit after tax of S\$61.0 million, an increase of 73.2% and 67.6% respectively.

Market sentiment was fuelled by signs of US economic recovery and generally improving corporate prospects. Commission income increased from S\$114.0 million to S\$165.6 million, representing an increase of 45.2%. Interest income rose 15.7% from S\$37.5 million to S\$43.4 million due to higher share financing activities. Other operating revenue increased by 131.0% from S\$8.2 million to S\$18.9 million as a result of higher facility fees earned.

Commission expenses increased by 35.9% from S\$28.7 million to S\$39.1 million with higher commission income. Finance expenses increased in line with higher lending activities.

## Balance Sheet

The Group's net asset value of S\$1.12 billion as at 30 June 2013 reflects a healthy financial position. There were no significant changes in the composition of Group balance sheet items except for our acquisition in Malaysia and redemption of debts issued.

**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 possibility of tapering off in the Quantitative Easing by the US has moderated market sentiment since May 2013. This is expected to continue for the rest of the year.

We remain reasonably optimistic about our business prospects for the remaining part of 2013.

**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?*

*Yes*

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per	0.5 cent per ordinary share
Tax Rate	Tax exempt (one-tier)

**(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 June 2013.

The board has approved the implementation of a Scrip Dividend Scheme, details of which will be announced in due course.

**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 2013 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 2013**