

# UOB KayHian

**UOB-KAY HIAN HOLDINGS LIMITED**

**Financial Statements**

And Dividend Announcement

For First Quarter Ended 31 March 2017

(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 31/03/2017 S\$'000	3 months ended 31/03/2016 S\$'000	Increase / (Decrease) %
<b>Revenue</b>			
Commission income	62,793	50,676	23.9
Interest income	20,948	20,193	3.7
Dividend from quoted / unquoted securities	6	-	N.M
Other operating income	6,729	6,322	6.4
Total revenue	90,476	77,191	17.2
Foreign exchange gain / (loss)	914	(561)	N.M
<b>Total income</b>	<b>91,390</b>	<b>76,630</b>	19.3
<b>Costs and expenses</b>			
Commission expenses	(15,616)	(10,120)	54.3
Personnel expenses	(27,587)	(24,738)	11.5
Depreciation expenses	(2,151)	(2,119)	1.5
Write back of allowance (Allowance) for impairment of trade debtors & bad debts written off	4	(305)	N.M
Impairment of goodwill	(41)	-	N.M
Net fair value loss on financial assets / liabilities through profit or loss	(4)	(214)	(98.1)
Finance expenses	(5,016)	(6,165)	(18.6)
Other operating expenses	(17,326)	(16,057)	7.9
	<b>(67,737)</b>	<b>(59,718)</b>	13.4
<b>Profit before tax</b>	<b>23,653</b>	<b>16,912</b>	39.9
Income tax expense*	(3,480)	(2,455)	41.8
<b>Profit after tax</b>	<b>20,173</b>	<b>14,457</b>	39.5
<b>Other comprehensive (expense) / income (net of tax):</b>			
Foreign currency translation difference	(15,393)	(18,950)	(18.8)
Available-for-sale investments	4	48	(91.7)
	<b>(15,389)</b>	<b>(18,902)</b>	(18.6)
<b>Total comprehensive income for the period</b>	<b>4,784</b>	<b>(4,445)</b>	N.M

\*Under provision of taxation in respect of prior years in the 3 months ended 31 March 2017 is S\$25,841. [3 months ended 31 March 2016: S\$483]

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 31/03/2017	3 months ended 31/03/2016	Increase / (Decrease) %
	S\$'000	S\$'000	
<b>Profit attributable to:</b>			
Owners of the Company	19,735	14,162	39.4
Non-controlling interests	438	295	48.5
	<b>20,173</b>	<b>14,457</b>	39.5
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	4,229	(4,290)	N.M
Non-controlling interests	555	(155)	N.M
	<b>4,784</b>	<b>(4,445)</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 31/03/2017 S\$'000	As at 31/12/2016 S\$'000	As at 31/03/2017 S\$'000	As at 31/12/2016 S\$'000
<b>ASSETS</b>				
<b><u>Current assets</u></b>				
Cash and bank balances	491,641	545,903	154	216
Outstanding contracts receivable	851,554	622,294	-	-
Trade receivables	1,497,296	1,477,873	-	-
Other financial assets, at fair value through profit or loss	39,016	38,404	-	-
Other current assets	48,427	40,184	75,635	69,515
Derivative financial instruments	806	1,658	-	-
<b>Total current assets</b>	<b>2,928,740</b>	<b>2,726,316</b>	<b>75,789</b>	<b>69,731</b>
<b><u>Non-current assets</u></b>				
Trade and other receivables	-	43,155	210	217
Goodwill	14,183	14,137	-	-
Subsidiaries	-	-	359,374	359,374
Available-for-sale investments	1,929	1,999	-	-
Trading rights in Exchanges	99	103	-	-
Memberships in Exchanges	220	219	-	-
Property, plant and equipment	43,471	45,365	-	-
Deferred tax assets	1,265	1,243	-	-
<b>Total non-current assets</b>	<b>61,167</b>	<b>106,221</b>	<b>359,584</b>	<b>359,591</b>
<b>Total assets</b>	<b>2,989,907</b>	<b>2,832,537</b>	<b>435,373</b>	<b>429,322</b>
<b>LIABILITIES AND EQUITY</b>				
<b><u>Current liabilities</u></b>				
Outstanding contracts payable	804,372	630,030	-	-
Trade and other payables	113,389	181,801	79,470	74,147
Borrowings	548,325	488,092	889	908
Debts issued	130,950	143,032	-	-
Income tax payable	8,041	8,492	-	-
Derivative financial instruments	543	1,016	-	-
<b>Total current liabilities</b>	<b>1,605,620</b>	<b>1,452,463</b>	<b>80,359</b>	<b>75,055</b>
<b><u>Non-current liabilities</u></b>				
Trade and other payables	167	167	-	-
Deferred tax liabilities	930	875	-	-
<b>Total non-current liabilities</b>	<b>1,097</b>	<b>1,042</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>1,606,717</b>	<b>1,453,505</b>	<b>80,359</b>	<b>75,055</b>
<b><u>Equity</u></b>				
Capital, reserves and non-controlling interests				
Share capital	155,616	155,616	155,616	155,616
Reserves	(35,863)	(20,797)	-	-
Retained earnings	1,243,878	1,224,178	199,398	198,651
Equity attributable to owners of the Company	1,363,631	1,358,997	355,014	354,267
Non-controlling interests	19,559	20,035	-	-
<b>Total equity</b>	<b>1,383,190</b>	<b>1,379,032</b>	<b>355,014</b>	<b>354,267</b>
<b>Total liabilities and equity</b>	<b>2,989,907</b>	<b>2,832,537</b>	<b>435,373</b>	<b>429,322</b>
<b><u>Clients' trust / segregated accounts</u></b>				
Bank balances				
- with related parties	636,496	499,998	-	-
- with non-related banks	1,171,971	1,074,794	-	-
Margin with clearing houses	49,659	35,075	-	-
Less: Amounts held in trust	(1,858,126)	(1,609,867)	-	-
	-	-	-	-

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

	The Group			
	As at 31/03/2017		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	524,328	23,997	466,273	21,819
Amounts repayable after one year	-	-	-	-

As at period end, the Group had debts issued amounting to S\$130,950,592. 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\$524,327,676 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 31/03/2017	3 months ended 31/03/2016
	S\$'000	S\$'000
<b>Operating activities</b>		
Profit before income tax	23,653	16,912
Adjustments for:		
Depreciation expense	2,151	2,119
Gain on disposal of property, plant and equipment	(350)	(17)
Write back of allowance (Allowance) for trade receivables	(9)	302
Impairment of goodwill	41	-
Dividend from quoted / unquoted securities	(6)	-
Interest expense	5,016	6,165
Exchange differences	2,294	9,605
Operating cash flow before working capital changes	32,790	35,086
Changes in operating assets and liabilities:		
Other financial assets / liabilities at fair value through profit or loss	(640)	(5,326)
Trade, outstanding contracts and other receivables	(235,351)	(139,411)
Trade, outstanding contracts and other payables	100,602	312,779
Cash (used in) from operations	(102,599)	203,128
Interest paid	(5,016)	(6,165)
Income tax paid	(3,974)	(131)
<b>Net cash (used in) from operating activities</b>	(111,589)	196,832
<b>Investing activities</b>		
Payments for property, plant and equipment	(423)	(508)
Proceeds from disposal of property, plant and equipment	431	115
Dividends received from quoted / unquoted securities	6	-
<b>Net cash from (used in) investing activities</b>	14	(393)
<b>Financing activities</b>		
Net drawdown (repayment) of short-term bank loans	59,114	(87,062)
Payment to non-controlling interests for additional interest in a subsidiary	(626)	-
<b>Net cash from (used in) financing activities</b>	58,488	(87,062)
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(2,294)	(9,605)

- 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 31/03/2017	3 months ended 31/03/2016
	S\$'000	S\$'000
<b>Net (decrease) increase in cash and cash equivalents during the financial period</b>	(55,381)	99,772
Cash and cash equivalents at beginning of the financial period	545,903	372,201
<b>Cash and cash equivalents at end of the financial period</b>	<b>490,522</b>	<b>471,973</b>

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

	The Group	
	As at 31/03/2017	As at 31/03/2016
	S\$'000	S\$'000
Cash and bank balances	491,641	476,230
Less: Bank overdrafts	(1,119)	(4,257)
<b>Cash and cash equivalents per consolidated cash flow statement</b>	<b>490,522</b>	<b>471,973</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 2017</b>	<b>155,616</b>	<b>1,739</b>	<b>52</b>	<b>1,132</b>	<b>(23,720)</b>	<b>1,224,178</b>	<b>1,358,997</b>	<b>20,035</b>	<b>1,379,032</b>
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	19,735	19,735	438	20,173
Other comprehensive income	-	10	-	(49)	(15,467)	-	(15,506)	117	(15,389)
<b>Total</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>(49)</b>	<b>(15,467)</b>	<b>19,735</b>	<b>4,229</b>	<b>555</b>	<b>4,784</b>
Transfer to statutory reserve	-	35	-	-	-	(35)	-	-	-
Acquisition of additional interest in a subsidiary	-	16	389	-	-	-	405	(1,031)	(626)
<b>Balance at 31 March 2017</b>	<b>155,616</b>	<b>1,800</b>	<b>441</b>	<b>1,083</b>	<b>(39,187)</b>	<b>1,243,878</b>	<b>1,363,631</b>	<b>19,559</b>	<b>1,383,190</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 2016</b>	141,326	1,678	(276)	1,355	(35,737)	1,201,962	1,310,308	19,031	1,329,339
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>	-	(39)	-	12	(18,425)	14,162	(4,290)	(155)	(4,445)
<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>

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

	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
<b>Balance at 1 January 2017</b>	155,616	198,651	354,267
Total comprehensive income for first quarter		747	747
<b>Balance at 31 March 2017</b>	<b>155,616</b>	<b>199,398</b>	<b>355,014</b>
<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>

**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 2017	31 December 2016
No. of shares	783,453,546	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 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 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 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 31/03/17	3 months ended 31/03/16
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	2.52 cents	1.83 cents
(ii) On a fully diluted basis	2.52 cents	1.83 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 31/03/2017	As at 31/12/2016	As at 31/03/2017	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	174.05 cents	173.46 cents	45.31 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**

#### **1Q17 vs 1Q16**

The market rally after the US presidential election in the late 4Q16 continued into 1Q17. There was an overall increase in interest in regional markets by retail investors. Trading volumes in major regional markets where we operate were higher with active retail participation. The Group recorded a pre-tax profit of S\$23.7 million and after tax profit of S\$20.2 million, an increase of 39.9% and 39.5%.

Commission income increased from S\$50.7 million to S\$62.8 million, reflecting an increase of 23.9%. Interest income grew slightly from S\$20.2 million to S\$20.9 million or 3.7%. Other operating revenue increased 6.4% from S\$6.3 million to S\$6.7 million. Total income rose 19.3% from S\$76.6 million to S\$91.4 million.

Overall commission and personnel expenses increased due to higher business volume. Commission increased 54.3% from S\$10.1 million to S\$15.6 million and personnel expenses rose 11.5% from S\$24.7 million to S\$27.6 million. Finance expenses declined due to lower level of outstanding debt issued. Other operating expenses increased 8.2% with higher trading volumes.

### **Balance Sheet**

The Group's net asset value position remained healthy at S\$1.36 billion as at 31 March 2017. 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 market's positive response to the release of the Singapore banks' 1Q17 results is an encouraging sign. We hope the favourable response will spill over to the broader equity market in the months ahead.

However sentiment in the regional markets will be influenced by the evolving North Korean political situation and China's economic performance. Despite the uncertainties, we are cautiously optimistic on the prospects facing our regional markets in the months ahead.

**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 / recommended for the quarter ended 31 March 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 31 March 2017 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**  
**15 May 2017**