



UOB-KAY HIAN HOLDINGS LIMITED

Financial Statements

And Dividend Announcement

For First Quarter Ended 31 March 2019

(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 31/03/2019	3 months ended 31/03/2018	Increase / (Decrease) %
	S\$'000	S\$'000	
<u>Revenue</u>			
Commission income	48,346	80,453	(39.9)
Interest income	26,544	23,199	14.4
Dividend from quoted / unquoted securities	55	55	N.M
Other operating income	3,631	4,564	(20.4)
Total revenue	78,576	108,271	(27.4)
Foreign exchange gain	1,338	380	252.1
Total income	79,914	108,651	(26.4)
<u>Costs and expenses</u>			
Commission expenses	(11,269)	(17,291)	(34.8)
Personnel expenses	(27,136)	(33,891)	(19.9)
Depreciation and amortisation expenses	(4,430)	(2,239)	97.9
Write back of allowance for impairment of trade debtors & bad debts written off	28	60	(53.3)
Impairment of goodwill	(297)	(227)	30.8
Net fair value gain (loss) on financial assets / liabilities through profit or loss	853	(73)	N.M
Finance expenses	(8,137)	(6,258)	30.0
Other operating expenses	(14,949)	(19,301)	(22.5)
	(65,337)	(79,220)	(17.5)
Profit before tax	14,577	29,431	(50.5)
Income tax expense*	(1,393)	(3,339)	(58.3)
Profit after tax	13,184	26,092	(49.5)
Other comprehensive (expense) income (net of tax):			
Foreign currency translation difference	(1,733)	(4,823)	(64.1)
	(1,733)	(4,823)	(64.1)
Total comprehensive income for the period	11,451	21,269	(46.2)

*Under provision of taxation in respect of prior years in the 3 months ended 31 March 2019 is Nil. [3 months ended 31 March 2018: S\$17,711]

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 31/03/2019	3 months ended 31/03/2018	Increase / (Decrease) %
	S\$'000	S\$'000	
Profit attributable to:			
Owners of the Company	13,214	25,718	(48.6)
Non-controlling interests	(30)	374	N.M
	13,184	26,092	(49.5)
 Total comprehensive income attributable to:			
Owners of the Company	11,227	20,416	(45.0)
Non-controlling interests	224	853	(73.7)
	11,451	21,269	(46.2)

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 31/03/2019 S\$'000	As at 31/12/2018 S\$'000	As at 31/03/2019 S\$'000	As at 31/12/2018 S\$'000
ASSETS				
<u>Current assets</u>				
Cash and bank balances	615,068	663,754	277	184
Outstanding contracts receivable	471,458	463,703	-	-
Trade receivables	1,844,462	1,994,905	-	-
Other financial assets, at fair value through profit or loss	56,337	35,766	-	-
Other current assets	68,022	48,123	68,508	70,679
Derivative financial instruments	18,082	40,922	-	-
Total current assets	3,073,429	3,247,173	68,785	70,863
<u>Non-current assets</u>				
Trade and other receivables	-	2,517	203	205
Goodwill	14,730	14,825	-	-
Subsidiaries	-	-	364,868	364,205
Other financial assets, at fair value through profit or loss	1,374	1,304	-	-
Right-of-use asset	9,523	-	-	-
Trading rights in Exchanges	94	95	-	-
Memberships in Exchanges	228	225	-	-
Property, plant and equipment	35,163	36,689	-	-
Deferred tax assets	1,096	1,051	-	-
Total non-current assets	62,208	56,706	365,071	364,410
Total assets	3,135,637	3,303,879	433,856	435,273
LIABILITIES AND EQUITY				
<u>Current liabilities</u>				
Outstanding contracts payable	462,361	446,965	-	-
Trade and other payables	119,913	162,727	49,391	50,576
Borrowings	845,414	977,252	400	400
Debts issued	195,467	197,504	-	-
Income tax payable	8,783	7,782	62	77
Derivative financial instruments	18,133	40,945	-	-
Total current liabilities	1,650,071	1,833,175	49,853	51,053
<u>Non-current liabilities</u>				
Trade and other payables	3,339	-	-	-
Deferred tax liabilities	1,418	1,346	-	-
Total non-current liabilities	4,757	1,346	-	-
Total liabilities	1,654,828	1,834,521	49,853	51,053
<u>Equity</u>				
Capital, reserves and non-controlling interests				
Share capital	184,265	184,265	184,265	184,265
Reserves	(22,811)	(20,822)	-	-
Retained earnings	1,300,366	1,287,150	199,738	199,955
Equity attributable to owners of the Company	1,461,820	1,450,593	384,003	384,220
Non-controlling interests	18,989	18,765	-	-
Total equity	1,480,809	1,469,358	384,003	384,220
Total liabilities and equity	3,135,637	3,303,879	433,856	435,273
<u>Clients' trust / segregated accounts</u>				
Bank balances				
- with related parties	792,372	786,260	-	-
- with non-related banks	1,490,262	1,644,595	-	-
Margin with clearing houses	42,041	51,005	-	-
Debt securities	59,474	19,676	-	-
Less: Amounts held in trust	(2,384,149)	(2,501,536)	-	-
	-	-	-	-

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

	The Group			
	As at 31/03/2019		As at 31/12/2018	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amounts repayable in one year or less, or on demand	832,304	13,110	977,174	78
Amounts repayable after one year	-	-	-	-
Debts issued	-	195,467	-	197,504

As at period end, the Group had debts issued amounting to S\$195,466,980. 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\$832,304,287 (3 months ended 31 March 2018: S\$768,199,776) 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 31/03/2019	3 months ended 31/03/2018
	S\$'000	S\$'000
Operating activities		
Profit before income tax	14,577	29,431
Adjustments for:		
Depreciation and amortisation expenses	4,430	2,239
Gain on disposal of property, plant and equipment	(8)	(9)
Write back of allowance for trade receivables	(23)	(60)
Impairment of goodwill	297	227
Dividend from quoted / unquoted securities	(55)	(55)
Interest expense	8,137	6,258
Exchange differences	(3,021)	8,057
Operating cash flows before working capital changes	24,334	46,088
Changes in operating assets and liabilities:		
Other financial assets / liabilities at fair value through profit or loss	(20,852)	3,403
Trade, outstanding contracts and other receivables	133,156	(264,667)
Trade, outstanding contracts and other payables	(45,258)	(64,713)
Cash from (used in) operations	91,380	(279,889)
Interest paid	(8,137)	(6,258)
Income tax paid	(351)	237
Net cash from (used in) operating activities	82,892	(285,910)
Investing activities		
Payments for property, plant and equipment	(838)	(1,290)
Proceeds from disposal of property, plant and equipment	111	1,010
Dividends received from quoted / unquoted securities	55	55
Net cash used in investing activities	(672)	(225)
Financing activities		
(Repayment) Drawdown of short-term bank loans	(142,701)	109,209
Lease payments	(2,089)	-
Payment to non-controlling interests for additional interest in a subsidiary	-	(436)
Net cash (used in) from financing activities	(144,790)	108,773
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	3,021	(8,057)

- 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	3 months ended
	31/03/2019	31/03/2018
	S\$'000	S\$'000
Net decrease in cash and cash equivalents during the financial period	(59,549)	(185,419)
Cash and cash equivalents at beginning of the financial period	658,411	618,489
Cash and cash equivalents at end of the financial period	598,862	433,070

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

	The Group	
	As at	As at
	31/03/2019	31/03/2018
	S\$'000	S\$'000
Cash and bank balances	615,068	442,611
Less: Bank overdrafts	(16,206)	(9,541)
Cash and cash equivalents per consolidated cash flow statement	598,862	433,070

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 2019	184,265	1,957	1,443	-	(24,222)	1,287,150	1,450,593	18,765	1,469,358
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	13,214	13,214	(30)	13,184
Other comprehensive income	-	19	-	-	(2,006)	-	(1,987)	254	(1,733)
Total	-	19	-	-	(2,006)	13,214	11,227	224	11,451
Transfer from statutory reserve	-	(2)	-	-	-	2	-	-	-
Balance at 31 March 2019	184,265	1,974	1,443	-	(26,228)	1,300,366	1,461,820	18,989	1,480,809

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 2018	167,565	1,827	813	1,046	(34,105)	1,249,189	1,386,335	19,195	1,405,530
Impact of adopting SFRS(I) 9 (Note A)	-	-	-	(1,046)	-	831	(215)	-	(215)
Restated opening balance under SFRS(I) 1 & 9	167,565	1,827	813	-	(34,105)	1,250,020	1,386,120	19,195	1,405,315
Total comprehensive income for the period	-	-	-	-	-	25,718	25,718	374	26,092
Profit for the period	-	-	-	-	-	25,718	25,718	374	26,092
Other comprehensive income	-	41	-	-	(5,343)	-	(5,302)	479	(4,823)
Total	-	41	-	-	(5,343)	25,718	20,416	853	21,269
Acquisition of additional interest in a subsidiary	-	11	277	-	-	-	288	(723)	(435)
Transfer to statutory reserve	-	48	-	-	-	(48)	-	-	-
Balance at 31 March 2018	167,565	1,927	1,090	-	(39,448)	1,275,690	1,406,824	19,325	1,426,149

Note A

The Group and Company applied SFRS(I) 9 on 1 January 2018 and early adopted the amendments to SFRS(I) 9 on the same date. Under SFRS(I) 9, equity investments securities held for long-term strategic purposes that were classified as available-for-sale under FRS 39 were designated as fair value through profit or loss on 1 January 2018. Accordingly, “Available-for-sale investments” on the statement of financial position had been redesignated as “Other financial assets, at fair value through profit or loss”.

- 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 2019	184,265	199,955	384,220
Total comprehensive loss for first quarter		(217)	(217)
Balance at 31 March 2019	184,265	199,738	384,003

	Share Capital S\$'000	Retained earnings S\$'000	Total S\$'000
Balance at 1 January 2018	167,565	208,124	375,689
Total comprehensive income for first quarter	-	(934)	(934)
Balance at 31 March 2018	167,565	207,190	374,755

- 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 2019	31 December 2018
No. of shares	806,195,039	806,195,039

- 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 2018 except as disclosed in Note 5 below.

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.

In the current financial year, the Group and the Company have adopted the following new SFRS(I)s, which took effect from the financial year beginning 1 January 2019:

- SFRS(I) 16 *Leases*

The Group has applied SFRS(I) 16 using the modified retrospective method as of 1 January 2019, with no restatement of comparative information. The Group has made use of the practical expedient available on transition to SFRS(I) 16 not to reassess whether a contract is or contains a lease and has chosen to recognise the amount of right-of-use assets equal to the lease liabilities as at 1 January 2019.

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 31/03/19	3 months ended 31/03/18
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	1.64 cents	3.24 cents
(ii) On a fully diluted basis	1.64 cents	3.24 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 31/03/2019	As at 31/12/2018	As at 31/03/2019	As at 31/12/2018
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on	181.32 cents	179.93 cents	47.63 cents	47.66 cents

Net asset value is derived after deducting 2.4 cents (December 2018: 2.3 cents) per share attributable to non-controlling interests.

- 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

1Q19 vs 1Q18

Market sentiment during the quarter was generally cautious across all the regional markets where we operate. The Group recorded pre-tax profit of S\$14.6 million and after tax profit of S\$13.2 million, a decrease of 50.5% and 49.5% respectively.

Commission income decreased from S\$80.5 million to S\$48.3 million, down by 39.9%. Interest income grew from S\$23.2 million to S\$26.5 million or 14.4% as a result of rising interest rates. Other operating income decreased 20.4% from S\$4.6 million to S\$3.6 million with less structured lending and corporate finance activities. Total income fell 26.4% from S\$108.7 million to S\$79.9 million.

Overall commission and personnel expenses decreased due to lower business volume. Commission decreased 34.8% from S\$17.3 million to S\$11.3 million and personnel expenses fell 19.9% from S\$33.9 million to S\$27.1 million. Finance expenses increased with rising interest rates. Other operating expenses decreased 22.5% as a result of lower trading volumes.

Balance Sheet

The Group's net asset value position remained healthy at S\$1.48 billion as at 31 March 2019. 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.**

Compared with the very high trading volume base in 1Q 2018 where our regional markets were generally optimistic about the economic outlook then, we witnessed a significantly more cautious tone to the market since the onset of the Sino US trade dispute.

China and more recently Malaysia have attempted to introduce various measures to stimulate their respective economies.

We are cautiously optimistic for regional markets to pick up towards the second half of 2019 if trade tensions do not deteriorate further.

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 2019

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 2019 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
14 May 2019