



UOB-KAY HIAN HOLDINGS LIMITED

Financial Statements

And Dividend Announcement

For Second Quarter Ended 30 June 2018

(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 30/06/2018 S\$'000	6 months ended 30/06/2017 S\$'000	Increase / (Decrease) %	3 months ended 30/06/2018 S\$'000	3 months ended 30/06/2017 S\$'000	Increase / (Decrease) %
Revenue						
Commission income	140,485	121,478	15.6	60,032	58,685	2.3
Interest income	54,598	47,168	15.8	31,399	26,220	19.8
Dividend from quoted / unquoted securities	59	50	18.0	4	44	(90.9)
Other operating revenue	10,368	10,263	1.0	5,804	3,534	64.2
Total revenue	205,510	178,959	14.8	97,239	88,483	9.9
Foreign exchange gain	2,443	2,919	(16.3)	2,063	2,005	2.9
Total income	207,953	181,878	14.3	99,302	90,488	9.7
Costs and expenses						
Commission expenses	(30,710)	(28,584)	7.4	(13,419)	(14,716)	(8.8)
Personnel expenses	(65,985)	(57,773)	14.2	(32,094)	(28,438)	12.9
Depreciation expenses	(4,485)	(4,305)	4.2	(2,246)	(2,154)	4.3
Impairment of goodwill	(236)	(100)	136.0	(9)	(59)	(84.7)
Write back of allowance (Allowance for) impairment of trade debtors & bad debts written off	6	58	(89.7)	(54)	54	N.M
Net fair value (loss) gain on financial assets / liabilities through profit or loss	(1,024)	29	N.M	(951)	33	N.M
Finance expenses	(17,673)	(14,731)	20.0	(11,415)	(9,715)	17.5
Other operating expenses	(35,090)	(33,501)	4.7	(15,789)	(16,175)	(2.4)
	(155,197)	(138,907)	11.7	(75,977)	(71,170)	6.8
Profit before tax	52,756	42,971	22.8	23,325	19,318	20.7
Income tax expense*	(6,297)	(6,050)	4.1	(2,958)	(2,570)	15.1
Profit after tax	46,459	36,921	25.8	20,367	16,748	21.6
Other comprehensive income / (expense) (net of tax):						
Foreign currency translation difference	7,339	(22,856)	N.M	12,162	(7,463)	N.M
Available-for-sale financial assets	-	24	N.M	-	20	N.M
	7,339	(22,832)	N.M	12,162	(7,443)	N.M
Total comprehensive income for the period	53,798	14,089	281.8	32,529	9,305	249.6

*Under provision of taxation in respect of prior years in the 6 months ended 30 June 2018 is \$25,631. (6 months ended 30 June 2017: \$44,561)

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)

COMPREHENSIVE INCOME STATEMENT (continued)			The Group			
	6 months ended 30/06/2018 S\$'000	6 months ended 30/06/2017 S\$'000	Increase / (Decrease) %	3 months ended 30/06/2018 S\$'000	3 months ended 30/06/2017 S\$'000	Increase / (Decrease) %
Profit attributable to :						
Owners of the Company	45,864	36,239	26.6	20,146	16,504	22.1
Non-controlling interests	595	682	(12.8)	221	244	(9.4)
	46,459	36,921	25.8	20,367	16,748	21.6
Total comprehensive income attributable to:						
Owners of the Company	53,113	13,373	297.2	32,697	9,144	257.6
Non-controlling interests	685	716	(4.3)	(168)	161	N.M
	53,798	14,089	281.8	32,529	9,305	249.6

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 30/06/2018	As at 31/12/2017	As at 30/06/2018	As at 31/12/2017
	S\$'000	S\$'000	S\$'000	S\$'000
		Restated **		
ASSETS				
<u>Current assets</u>				
Cash and bank balances	534,132	627,330	272	184
Outstanding contracts receivable	767,047	714,293	-	-
Trade receivables	1,911,182	1,868,915	-	-
Other financial assets, at fair value through profit or loss	33,085	31,721	-	-
Other current assets	65,330	47,821	77,661	76,126
Derivative financial instruments	1,392	2,325	-	-
Total current assets	3,312,168	3,292,405	77,933	76,310
<u>Non-current assets</u>				
Trade and other receivables	4,521	1,844	205	200
Goodwill	13,866	14,028	-	-
Subsidiaries	-	-	364,205	364,205
Available-for-sale investments	-	1,875	-	-
Other financial assets, at fair value through profit or loss	1,521	-	-	-
Trading rights in Exchanges	94	94	-	-
Memberships in Exchanges	220	220	-	-
Property, plant and equipment	38,104	40,924	-	-
Deferred tax assets	1,410	1,369	-	-
Total non-current assets	59,736	60,354	364,410	364,405
Total assets	3,371,904	3,352,759	442,343	440,715
LIABILITIES AND EQUITY				
<u>Current liabilities</u>				
Outstanding contracts payable	730,984	678,492	-	-
Trade and other payables	141,675	428,737	87,068	64,140
Borrowings	877,355	666,771	400	868
Debts issued	172,216	159,834	-	-
Other financial liabilities, at fair value through profit or loss	-	1	-	-
Income tax payable	9,702	7,764	9	18
Derivative financial instruments	1,403	2,315	-	-
Total current liabilities	1,933,335	1,943,914	87,477	65,026
<u>Non-current liabilities</u>				
Trade and other payables	167	2,011	-	-
Deferred tax liabilities	1,320	1,304	-	-
Total non-current liabilities	1,487	3,315	-	-
Total liabilities	1,934,822	1,947,229	87,477	65,026

**** Comparative figures are restated on the adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) 1. Please refer to note 5 below for details on the financial impact from the adoption of SFRS(I)s.**

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. (continued)

	The Group		The Company	
	As at 30/06/2018	As at 31/12/2017	As at 30/06/2018	As at 31/12/2017
	S\$'000	S\$'000	S\$'000	S\$'000
		Restated **		
<u>Equity</u>				
Capital, reserves and non-controlling interests				
Share capital	184,265	167,565	184,265	167,565
Reserves	(23,777)	(30,419)	-	-
Retained earnings	1,257,985	1,249,189	170,601	208,124
Equity attributable to owners of the Company	1,418,473	1,386,335	354,866	375,689
Non-controlling interests	18,609	19,195	-	-
Total equity	1,437,082	1,405,530	354,866	375,689
Total liabilities and equity	3,371,904	3,352,759	442,343	440,715
<u>Clients' trust / segregated accounts</u>				
Bank balances				
- with related parties	932,036	651,791	-	-
- with non-related banks	1,466,020	1,402,006	-	-
Margin with clearing houses	54,058	48,258	-	-
Debt securities	4,060	-	-	-
Less: Amounts held in trust	(2,456,174)	(2,102,055)	-	-
	-	-	-	-

**** Comparative figures are restated on the adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) 1. Please refer to note 5 below for details on the financial impact from the adoption of SFRS(I)s.**

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

	The Group			
	As at 30/06/2018		As at 31/12/2017	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amounts repayable in one year or less, or on demand	865,536	11,819	660,177	6,594
Amounts repayable after one year	-	-	-	-

As at period end, the Group had debts issued amounting to S\$172,216,239. 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\$865,535,977 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 30/06/2018 S\$'000	6 months ended 30/06/2017 S\$'000	3 months ended 30/06/2018 S\$'000	3 months ended 30/06/2017 S\$'000
Operating activities				
Profit before income tax	52,756	42,971	23,325	19,318
Adjustments for:				
Depreciation expenses	4,485	4,305	2,246	2,154
Gain on disposal of property, plant and equipment	(11)	(379)	(2)	(29)
Allowance for trade receivables	9	36	69	45
Impairment in goodwill	236	100	9	59
Dividend income from quoted / unquoted securities	(59)	(50)	(4)	(44)
Interest expenses	17,673	14,731	11,415	9,715
Exchange differences	(12,425)	300	(20,482)	(1,994)
Operating cash flow before working capital changes	62,664	62,014	16,576	29,224
Changes in operating assets and liabilities:				
Other financial assets / liabilities, at fair value through profit or loss	(1,079)	(13,528)	(4,482)	(12,888)
Trade, outstanding contracts and other receivables	(99,429)	(304,825)	165,238	(69,474)
Trade, outstanding contracts and other payables	(232,692)	128,976	(167,979)	28,374
Cash (used in) / generated from operations	(270,536)	(127,363)	9,353	(24,764)
Interest paid	(17,673)	(14,731)	(11,415)	(9,715)
Income tax paid	(4,306)	(7,826)	(4,543)	(3,852)
Net cash (used in) / provided by operating activities	(292,515)	(149,920)	(6,605)	(38,331)
Investing activities				
Payments for property, plant and equipment	(1,516)	(1,053)	(1,227)	(630)
Proceeds from disposal of property, plant and equipment	12	464	3	33
Dividends received from quoted / unquoted securities	59	50	4	44
Net cash used in investing activities	(1,445)	(539)	(1,220)	(553)
Financing activities				
Drawdown / (repayment) of short-term bank loans	212,129	33,605	102,920	(25,509)
Payment to non-controlling interests for additional interest in a subsidiary	(636)	(1,103)	(200)	(477)
Payment to non-controlling interests for dividend	(245)	(286)	(245)	(286)
Dividends paid	(21,366)	(15,471)	(21,366)	(15,471)
Net cash from / (used in) financing activities	189,882	16,745	81,109	(41,743)

- 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	6 months ended	3 months ended	3 months ended
	30/06/2018	30/06/2017	30/06/2018	30/06/2017
	S\$'000	S\$'000	S\$'000	S\$'000
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	12,425	(300)	20,482	1,994
Net (decrease) / increase in cash and cash equivalents during the financial period	(91,653)	(134,014)	93,766	(78,633)
Cash and cash equivalents at beginning of the financial period	618,489	545,903	433,070	490,522
Cash and cash equivalents at end of the financial period	526,836	411,889	526,836	411,889

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

	The Group	
	As at	As at
	30/06/2018	30/06/2017
	S\$'000	S\$'000
Cash and bank balances	534,132	424,600
Less: Bank overdrafts	(7,296)	(12,711)
Cash and cash equivalents per consolidated cash flow statement	526,836	411,889

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 2018	167,565	1,827	813	1,046	(57,825)	1,272,909	1,386,335	19,195	1,405,530
Impact of adopting SFRS(I)1 (NoteA)	-	-	-	-	23,720	(23,720)	-	-	-
Impact of adopting SFRS(I) 9 (NoteB)	-	-	-	(1,046)	-	1,046	-	-	-
Restated opening balance under SFRS(I) 1 & 9	167,565	1,827	813	-	(34,105)	1,250,235	1,386,335	19,195	1,405,530
Total comprehensive income for first quarter									
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
Transfer to statutory reserve	-	48	-	-	-	(48)	-	-	-
Acquisition of additional interest in a subsidiary	-	11	277	-	-	-	288	(723)	(435)
Balance at 31 March 2018	167,565	1,927	1,090	-	(39,448)	1,275,905	1,407,039	19,325	1,426,364
Total comprehensive income for second quarter									
Profit for the period	-	-	-	-	-	20,146	20,146	221	20,367
Other comprehensive income	-	(35)	-	-	12,586	-	12,551	(389)	12,162
Total	-	(35)	-	-	12,586	20,146	32,697	(168)	32,529
Payment of dividend by a subsidiary	-	-	-	-	-	-	-	(245)	(245)
Final dividend for 2017 paid	16,692	-	-	-	-	(38,058)	(21,366)	-	(21,366)
Reclassification of dividend paid in prior years	8	-	-	-	-	(8)	-	-	-
Acquisition of additional interest in a subsidiary	-	4	99	-	-	-	103	(303)	(200)
Balance at 30 June 2018	184,265	1,896	1,189	-	(26,862)	1,257,985	1,418,473	18,609	1,437,082

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 2017	155,616	1,739	52	1,132	(23,720)	1,224,178	1,358,997	20,035	1,379,032
Impact of adopting SFRS(I) 1(NoteA)	-	-	-	-	23,720	(23,720)	-	-	-
Restated opening balance under SFRS(I)1	155,616	1,739	52	1,132	-	1,200,458	1,358,997	20,035	1,379,032
Total comprehensive income for first quarter									
Profit for the period	-	-	-	-	-	19,735	19,735	438	20,173
Other comprehensive income	-	10	-	(49)	(15,467)	-	(15,506)	117	(15,389)
Total	-	10	-	(49)	(15,467)	19,735	4,229	555	4,784
Transfer to statutory reserve	-	35	-	-	-	(35)	-	-	-
Acquisition of additional interest in subsidiary	-	16	389	-	-	-	405	(1,031)	(626)
Balance at 31 March 2017	155,616	1,800	441	1,083	(15,467)	1,220,158	1,363,631	19,559	1,383,190
Total comprehensive income for second quarter									
Profit for the period	-	-	-	-	-	16,504	16,504	244	16,748
Other comprehensive income	-	(5)	-	-	(7,355)	-	(7,360)	(83)	(7,443)
Total	-	(5)	-	-	(7,355)	16,504	9,144	161	9,305
Payment of dividends by a subsidiary	-	-	-	-	-	-	-	(286)	(286)
Final Dividend for 2016 paid	11,949	-	-	-	-	(27,420)	(15,471)	-	(15,471)
Acquisition of additional interest in subsidiary	-	12	298	-	-	-	310	(787)	(477)
Balance at 30 June 2017	167,565	1,807	739	1,083	(22,822)	1,209,242	1,357,614	18,647	1,376,261

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)

Note A

The Group has adopted SFRS(I) for the financial year ending 31 December 2018 and has applied SFRS(I) 1 with 1 January 2017 as the date of transition for the Group and the Company.

The Group has elected the optional exemption in SFRS(I) 1 to reset its cumulative Foreign Currency Translation Reserve (“FCTR”) for all foreign operations to NIL at the date of transition, and reclassify the cumulative FCTR debit balance as at 1 January 2017 of approximately S\$23.7 million as determined in accordance with the previous Financial Reporting Standards (FRS) at that date to retained earnings. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition

Note B

The Group and Company has applied SFRS(I) 9 on 1 January 2018 and 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 are classified as available-for-sale under FRS 39 will be designated as fair value through profit or loss on 1 January 2018. Accordingly, “Available-for-sale investments” on the statement of financial position has been redesignated as “Other financial assets, at fair value through profit or loss”.

STATEMENT OF CHANGES IN EQUITY – THE COMPANY

	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
Balance at 1 January 2018	167,565	208,124	375,689
Total comprehensive loss for first quarter	-	(934)	(934)
Balance at 31 March 2018	167,565	207,190	374,755
Total comprehensive income for second quarter	-	1,477	1,477
Final dividend for 2017 paid	16,692	(38,058)	(21,366)
Reclassification of dividend paid in prior years	8	(8)	-
Balance at 30 June 2018	184,265	170,601	354,866

	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
Balance at 1 January 2017	155,616	198,651	354,267
Total comprehensive loss for first quarter	-	747	747
Balance at 31 March 2017	155,616	199,398	355,014
Total comprehensive income for second quarter	-	733	733
Final dividend for 2016 paid	11,949	(27,420)	(15,471)
Balance at 30 June 2017	167,565	172,711	340,276

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 30/6/2018	6 months ended 30/06/2017	3 months ended 30/06/2018	3 months ended 30/06/2017
Ordinary shares				
Balance at beginning of period	792,820,312	783,453,546	792,820,312	783,453,546
Issue of shares under scrip dividend scheme	13,374,727	9,366,766	13,374,727	9,366,766
Balance at end of period	806,195,039	792,820,312	806,195,039	792,820,312

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 2018	31 December 2017
No. of shares	806,195,039	792,820,312

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.

Other than the adoption of the new framework and the new SFRS(I)s which took effect from the current financial year as disclosed in note 5 below, 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 2017.

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 adopting the new SFRS(I) framework with effect from 1 January 2018, the Group and Company are required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of International Financial Reporting Standards (International)*. In addition, during 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 2018:

- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 15 *Revenue from Contracts with Customers*

Except for SFRS(I) 1 and SFRS(I) 9, the adoption of the above new SFRS(I)s is assessed to have no material impact to the results and financial position of the Group and of the Company for the year ending 31 December 2018.

Impacts on initial application of SFRS (I)

The following reconciliation summarises the impact on initial application of SFRS(I) 1 on the Group's financial statement

The Group As at 31/12/2017		
As previously stated	Effects of SFRS(I)	As restated
S\$'000	S\$'000	S\$'000
<u>EQUITY</u>		
Reserves	(54,139)	(30,419)
Retained earnings	1,272,909	1,249,189

Please refer to the Statements of Changes in Equity for the Group in note 1(d)(i) for further details on the respective adjustments made in relation to SFRS(I) 1 and SFRS(I) 9.

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 30/6/2018	6 months ended 30/06/2017	3 months ended 30/06/2018	3 months ended 30/06/2017
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	5.78 cents	4.62 cents	2.54 cents	2.10 cents
(ii) On a fully diluted basis	5.78 cents	4.62 cents	2.54 cents	2.10 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 30/6/2018	As at 31/12/2017	As at 30/6/2018	As at 31/12/2017
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on	175.95 cents	174.86 cents	44.02 cents	47.39 cents

Net asset value is derived after deducting 2.3 cents (December 2017: 2.4 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

2Q18 vs 2Q17

Trading volumes across the main regional markets where we operate were generally higher quarter on quarter.

Commission income increased slightly from S\$58.7 million to S\$60.0 million, reflecting an increase of 2.3%. Interest income rose 19.8% from S\$26.2 million to S\$31.4 million with higher financing activities. Other operating revenue grew 64.2% from S\$3.5 million to S\$5.8 million with higher structured financing.

Overall commission and personnel expenses increased due to higher business volume. Commission expense fell 8.8% from S\$14.7 million to S\$13.4 million while personnel expenses increased 12.9% from S\$28.4 million to S\$32.1 million. Finance expenses increased 17.5% along with higher financing requirements.

The Group recorded a higher pre-tax profit of S\$23.3 million, an increase of 20.7%. After tax profit increased by 21.6% to S\$20.4 million.

1H18 vs 1H17

Commission income grew from S\$121.5 million to S\$140.5 million, representing an increase of 15.6% along with higher market volumes. Interest income rose 15.8% from S\$47.2 million to S\$54.6 million with higher structured financing requirements.

Commission expenses increased by 7.4% from S\$28.6 million to S\$30.7 million and personnel expenses increased 14.2% from S\$57.8 million to S\$66.0 million as business volume grew. Finance expenses expanded 20.0% from S\$14.7 million to S\$17.7 million due to higher financing requirements. Other operating expenses rose 4.7% from S\$33.5 million to S\$35.1 million with higher trading volumes.

The group recorded profit before tax of S\$52.8 million and profit after tax of S\$46.5 million, an increase of 22.8% and 25.8% respectively.

Balance Sheet

The Group's net asset position is healthy at S\$1.42 billion as at 30 June 2018. 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.**

Global trade tensions between US, China and Europe continued to reverberate across global markets hurting investor sentiment. Export dependent economies in Asia saw slowing economic growth causing stock market trading volumes to moderate as investors adopt a more cautious stance.

Institutional trading volumes on Bursa have moderated significantly post election due to uncertainties over policies and leadership changes in key government agencies. Cooling property measures in Singapore has also dampened investor sentiment as the prospect of significant liquidity being released into the economy from enbloc sale proceeds look less likely.

The resilient tone of the Hong Kong, Thai and Indonesia markets has helped support our overall volume of business.

Until global trade tensions dissipate, we expect a more cautious tone to the overall market accompanied by bouts of volatility for the rest of the financial 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/recommended, a statement to that effect.

No dividend has been declared or recommended for the quarter ended 30 June 2018.

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 30 June 2018 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
14 August 2018