



UOB-KAY HIAN HOLDINGS LIMITED

Financial Statements

And Dividend Announcement

For Second Quarter Ended 30 June 2007

(Co. Ref. No. 200004464C)

These figures have not been audited.

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group					
	6 months ended	6 months ended	Increase / (Decrease)	3 months ended	3 months ended	Increase / (Decrease)
	30/6/2007	30/6/2006	%	30/6/2007	30/6/2006	%
	S\$'000	S\$'000		S\$'000	S\$'000	
Revenue						
Commission income	324,961	183,098	77.5	182,194	94,189	93.4
Interest income	43,082	21,086	104.3	24,482	11,372	115.3
Dividend from quoted securities	379	276	37.3	205	116	76.7
Facility, shares withdrawal and arrangement fees	790	1,634	(51.7)	379	745	(49.1)
Other operating revenue	2,158	2,928	(26.3)	968	1,444	(33.0)
Total revenue	371,370	209,022	77.7	208,228	107,866	93.0
Foreign exchange gain	6,505	976	566.5	4,082	712	473.3
Realised gain on financial assets, available-for-sale	13,724	19,282	(28.8)	7,172	15,937	(55.0)
Total income	391,599	229,280	70.8	219,482	124,515	76.3
Costs and expenses						
Commission expenses	(80,101)	(43,424)	84.5	(44,727)	(20,470)	118.5
Personnel expenses	(96,100)	(56,352)	70.5	(56,099)	(30,066)	86.6
Depreciation and amortisation expenses	(1,514)	(2,012)	(24.8)	(827)	(980)	(15.6)
Allowance for impairment of trade debtors & bad debts written off	(187)	300	(162.3)	392	(89)	(540.4)
Allowance for impairment of investment in associated companies	-	(1,000)	N.M.	-	-	N.M.
Net fair value gain on financial assets/liabilities through profit or loss	121	70	72.9	476	24	1,883.3
Finance expenses	(17,969)	(5,139)	249.7	(10,148)	(3,106)	226.7
Other operating expenses	(27,067)	(24,927)	8.6	(13,329)	(13,221)	0.8
	(222,817)	(132,484)	68.2	(124,262)	(67,908)	83.0
Profit from operations	168,782	96,796	74.4	95,220	56,607	68.2
Share of results of associated companies after tax	145	763	(81.0)	22	102	(78.4)
Profit before tax	168,927	97,559	73.2	95,242	56,709	67.9
Income tax expense*	(27,412)	(15,611)	75.6	(15,149)	(7,892)	92.0
Profit after tax	141,515	81,948	72.7	80,093	48,817	64.1
Attributable to :						
Equity holders of the Company	140,873	80,831	74.3	79,683	48,384	64.7
Minority interests	642	1,117	(42.5)	410	433	(5.3)
	141,515	81,948	72.7	80,093	48,817	64.1

*Under/(Over)provision of taxation in respect of prior years in the 6 months ended 30 June 2007 is \$36,232. (6 months ended 30 June 2006: (\$187,504))

N.M. = Not Meaningful.

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 30/6/2007 S\$'000	As at 31/12/2006 S\$'000	As at 30/6/2007 S\$'000	As at 31/12/2006 S\$'000
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	166,065	133,092	1,139	17,260
Outstanding contracts receivable	2,631,023	1,447,527	-	-
Trade receivables	2,040,121	1,038,906	-	-
Financial assets at fair value through profit or loss	6,183	9,001	-	-
Other current assets	34,478	34,599	26,890	169,358
Derivative financial instruments	69	11	-	-
	<u>4,877,939</u>	<u>2,663,136</u>	<u>28,029</u>	<u>186,618</u>
<u>Non-current assets</u>				
Loans to subsidiaries	-	-	32,172	32,402
Investments				
- in subsidiaries	-	-	193,040	178,577
- in associated companies	3,577	14,271	-	2,648
Financial assets, available-for-sale	31,199	28,344	-	-
Trading rights in Exchanges	112	109	-	-
Memberships in Exchanges	26	26	-	-
Property, plant and equipment	3,836	4,146	-	-
Deferred income tax assets	51	36	-	-
	<u>38,801</u>	<u>46,932</u>	<u>225,212</u>	<u>213,627</u>
Total assets	<u>4,916,740</u>	<u>2,710,068</u>	<u>253,241</u>	<u>400,245</u>
LIABILITIES				
<u>Current liabilities</u>				
Outstanding contracts payable	2,467,083	1,426,208	-	-
Trade and other payables	145,381	88,400	29,992	17,146
Financial liabilities at fair value through profit or loss	268	71	-	-
Borrowings	1,349,735	338,518	-	98,811
Current income tax liabilities	44,653	31,347	516	298
Derivative financial instruments	24	15	-	-
	<u>4,007,144</u>	<u>1,884,559</u>	<u>30,508</u>	<u>116,255</u>
<u>Non-current liabilities</u>				
Deferred income tax liabilities	726	724	-	-
Total liabilities	<u>4,007,870</u>	<u>1,885,283</u>	<u>30,508</u>	<u>116,255</u>
Net assets	<u>908,870</u>	<u>824,785</u>	<u>222,733</u>	<u>283,990</u>
<u>EQUITY</u>				
Share capital	72,471	72,471	72,471	72,471
Reserves	26,876	21,170	-	-
Retained earnings	795,321	716,947	150,262	211,519
	<u>894,668</u>	<u>810,588</u>	<u>222,733</u>	<u>283,990</u>
Minority interests	14,202	14,197	-	-
Total Equity	<u>908,870</u>	<u>824,785</u>	<u>222,733</u>	<u>283,990</u>
<u>Clients' trust / segregated accounts</u>				
Bank balances				
- with affiliated corporations	245,484	143,366	-	-
- with non-related banks	391,466	329,518	-	-
Margin with clearing houses	7,079	5,414	-	-
Less: Amounts held in trust	(644,029)	(478,298)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	The Group			
	As at 30/6/2007		As at 31/12/2006	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amounts repayable in one year or less, or on demand	681,044	668,691	157,369	181,149
Amounts repayable after one year	-	-	-	-

Details of any collateral

Details of secured group borrowings are as follows:

- Bank overdrafts of subsidiaries amounting to S\$40,087,860 are secured by a fixed charge over immovable fixed assets and a floating charge over all assets of the subsidiaries.
- Bank borrowings of a subsidiary amounting to S\$640,956,353 are secured by a fixed charge over immovable fixed assets and a floating charge over all assets of subsidiary.

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 30/6/2007 S\$'000	6 months ended 30/6/2006 S\$'000	3 months ended 30/6/2007 S\$'000	3 months ended 30/6/2006 S\$'000
	Cash flows from operating activities			
Profit before tax and after share of results of associated companies	168,927	97,559	95,242	56,709
Adjustments for:				
Share of results of associated companies	(145)	(763)	(22)	(102)
Depreciation and amortisation expenses	1,514	2,012	827	980
(Gain)/Loss on disposal of property, plant and equipment	(18)	7	(17)	6
Realised gain on sale of financial assets, available-for-sale	(13,724)	(19,282)	(7,172)	(15,937)
Dividend income from quoted securities	(379)	(276)	(205)	(116)
Allowance for impairment of investment in associated companies	-	1,000	-	-
Interest income	(43,082)	(21,086)	(24,482)	(11,372)
Finance expenses	17,969	5,139	10,148	3,106
Exchange differences	2,880	(796)	3,011	(1,215)
Operating cash flow before working capital changes	133,942	63,514	77,330	32,059
Changes in operating assets and liabilities:				
Financial assets/liabilities at fair value through profit or loss	3,015	2,368	524	727
Debtors and outstanding contracts receivable	(2,173,359)	(431,031)	(1,576,122)	419,663
Creditors and outstanding contracts payable	1,097,850	336,861	1,128,540	(281,360)
Cash (used in)/generated from operations	(938,552)	(28,288)	(369,728)	171,089
Interest received	43,082	21,086	24,482	11,372
Interest paid	(17,969)	(5,139)	(10,148)	(3,106)
Drawdown/(Repayment) of short-term bank loans	981,642	(34,202)	469,996	(103,136)
Income tax paid	(14,628)	(8,389)	(13,374)	(7,521)
Net cash provided by/(used in) operating activities	53,575	(54,932)	101,228	68,698
Cash flows from investing activities				
Payments for property, plant and equipment	(1,168)	(880)	(680)	(591)
Proceeds from sale of financial assets, available-for-sale	14,219	21,926	7,392	17,823
Proceeds from disposal of property, plant and equipment	22	-	18	-
Payment to minority interest for dividend	(340)	(372)	(340)	(372)
Payment to minority interest for additional interest in a subsidiary	(868)	(1,626)	(272)	(1,626)
Acquisition of subsidiary [Note (a)] :				
Net tangible assets acquired	23,774	-	23,774	-
Less : Net tangible assets other than cash and cash equivalents	(10,803)	-	(10,803)	-
Cash and cash equivalents acquired on acquisition of subsidiary	12,971	-	12,971	-
Cash consideration paid to acquire subsidiary	(11,815)	-	(11,815)	-
Dividends received from quoted securities	379	276	205	116
Dividends received from associated company	-	13,312	-	13,312
Net cash provided by investing activities	13,400	32,636	7,479	28,662
Cash flows from financing activities				
Dividends paid	(62,397)	(46,381)	(62,397)	(46,381)
Net cash used in financing activities	(62,397)	(46,381)	(62,397)	(46,381)
Net increase/(decrease) in cash and cash equivalents during the financial period	4,578	(68,677)	46,310	50,979
Cash and cash equivalents at beginning of the financial period	119,932	220,164	78,200	100,508
Cash and cash equivalents at end of the financial period	124,510	151,487	124,510	151,487

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)

Note (a) : Acquisition of subsidiary

The net tangible assets of subsidiary acquired by the Group during the financial period were as follows :

	S\$'000
Debtors and Other Receivables	11,288
Creditors and Other Payables	(15)
Provision for tax	(470)
	<hr/> 10,803
Cash and cash equivalents	12,971
Net tangible assets of subsidiary acquired	<hr/> <hr/> 23,774

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

	The Group	
	As at 30/6/2007	As at 30/6/2006
	S\$'000	S\$'000
Cash and bank balances	166,065	159,535
Less: Bank overdrafts	(41,555)	(8,048)
Cash and cash equivalents per consolidated cash flow statement	<hr/> 124,510	<hr/> 151,487

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	Fair value reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Minority interests S\$'000	Total Equity S\$'000
Balance at 1 January 2007	72,471	1,036	26,597	(6,463)	716,947	14,197	824,785
Fair value gains on financial assets, available-for-sale	-	-	4,943	-	-	(1)	4,942
Currency translation differences	-	21	6	(250)	-	250	27
Net gain/(loss) recognised directly in equity	-	21	4,949	(250)	-	249	4,969
Net profit for the first quarter	-	-	-	-	61,190	232	61,422
Total recognized gain/(loss) for the first quarter	-	21	4,949	(250)	61,190	481	66,391
Fair value gains transferred to income statement on realisation	-	-	(6,552)	-	-	-	(6,552)
Transfer from retained earnings to statutory reserve	-	52	-	-	(39)	(13)	-
Acquisition of additional interest in subsidiary	-	-	-	31	-	(635)	(604)
Balance at 31 March 2007	<hr/> <hr/> 72,471	<hr/> <hr/> 1,109	<hr/> <hr/> 24,994	<hr/> <hr/> (6,682)	<hr/> <hr/> 778,098	<hr/> <hr/> 14,030	<hr/> <hr/> 884,020

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	Fair value reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Minority interests S\$'000	Total Equity S\$'000
Balance at 31 March 2007	72,471	1,109	24,994	(6,682)	778,098	14,030	884,020
Fair value gains on financial assets, available-for-sale	-	-	12,065	-	-	16	12,081
Currency translation differences	-	26	26	2,412	-	324	2,788
Net gain recognised directly in equity	-	26	12,091	2,412	-	340	14,869
Net profit for the second quarter	-	-	-	-	79,683	410	80,093
Total recognised gain for the second quarter	-	26	12,091	2,412	79,683	750	94,962
Fair value gains transferred to income statement on realisation	-	-	(7,172)	-	-	-	(7,172)
Final dividend for 2006 paid	-	-	-	-	(62,397)	-	(62,397)
Transfer from retained earnings to statutory reserve	-	68	-	-	(63)	(5)	-
Acquisition of additional interest in subsidiary	-	-	-	30	-	(233)	(203)
Payment of dividends by a subsidiary	-	-	-	-	-	(340)	(340)
Balance at 30 June 2007	72,471	1,203	29,913	(4,240)	795,321	14,202	908,870

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	Capital reserve S\$'000	Capital reserve on consolidation S\$'000	Statutory reserve S\$'000	Fair value reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Minority interests S\$'000	Total Equity S\$'000
Balance at 1 January 2006	72,471	154,206	71,271	64	25,228	(4,099)	412,960	13,486	746,163
Fair value gains on financial assets, available-for-sale	-	-	-	-	11,052	-	-	-	11,052
Currency translation differences	-	-	-	-	-	259	-	435	694
Net gain recognised directly in equity	-	-	-	-	11,052	259	-	435	11,746
Net profit for the first quarter	-	-	-	-	-	-	32,447	684	33,131
Total recognised gain for the first quarter	-	-	-	-	11,052	259	32,447	1,119	44,877
Fair value gains transferred to income statement on realisation	-	-	-	-	(3,345)	-	-	-	(3,345)
Transfer from retained earnings to statutory reserve	-	-	-	147	-	-	(147)	-	-
Balance at 31 March 2006	72,471	154,206	71,271	787	32,935	(3,840)	445,260	14,605	787,695
Fair value gains on financial assets, available-for-sale	-	-	-	-	(319)	-	-	4	(315)
Currency translation differences	-	-	-	17	(4)	(1,730)	-	(97)	(1,814)
Net gain/(loss) recognised directly in equity	-	-	-	17	(323)	(1,730)	-	(93)	(2,129)
Net profit for the second quarter	-	-	-	-	-	-	48,384	433	48,817
Total recognised gain/(loss) for the second quarter	-	-	-	17	(323)	(1,730)	48,384	340	46,688
Fair value gains transferred to income statement on realisation	-	-	-	-	(15,937)	-	-	-	(15,937)
Final dividend for 2005 paid	-	-	-	-	-	-	(46,381)	-	(46,381)
Transfer from retained earnings to statutory reserve	-	-	-	60	-	-	(42)	(18)	-
Acquisition of additional interest in subsidiary	-	-	-	-	-	-	-	(1,271)	(1,271)
Payment of dividends by a subsidiary	-	-	-	-	-	-	-	(372)	(372)
Balance at 30 June 2006	72,471	154,206	71,271	864	16,675	(5,570)	447,221	13,284	770,422

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 2007	72,471	211,519	283,990
Net profit for the first quarter	-	135	135
Balance at 31 March 2007	72,471	211,654	284,125
Net profit for the second quarter	-	1,005	1,005
Final dividend for 2006 paid	-	(62,397)	(62,397)
Balance at 30 June 2007	72,471	150,262	222,733

	Share Capital S\$'000	Capital Reserve S\$'000	Retained earnings S\$'000	Total S\$'000
Balance at 1 January 2006	72,471	154,206	166,635	393,312
Net profit for the first quarter	-	-	210	210
Balance at 31 March 2006	72,471	154,206	166,845	393,522
Net profit for the second quarter	-	-	14,570	14,570
Final dividend for 2005 paid	-	-	(46,381)	(46,381)
Balance at 30 June 2006	72,471	154,206	135,034	361,711

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 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(e) 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 results for the quarter ended 30 June 2007 to be false or misleading

On behalf of the Board of Directors

Wee Ee-chao
Managing Director

Tang Wee Loke
Deputy Managing Director

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 2006.

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	3 months ended
	30/6/2007	30/6/2006
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	11.00 cents	6.68 cents
(ii) On a fully diluted basis	11.00 cents	6.68 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	As at	As at	As at
	30/6/2007	31/12/2006	30/6/2007	31/12/2006
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on	123.45 cents	111.85 cents	30.73 cents	39.19 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

The directors are pleased to announce that the Group has achieved net profit after taxation of S\$80.1million for the 2nd quarter ended 30 June 2007. This represents an increase of 64.1% compared to 2nd quarter 2006.

In the 2nd quarter 2007, the Group continued to ride on the good trading activities and business in Singapore and Hong Kong markets from 1st quarter 2007. This led to an increase in commission income from S\$94.2 million in 2nd quarter 2006 to S\$182.2 million in 2nd quarter 2007. Interest income of S\$24.5m mainly from the margin financing portfolio for 2nd quarter 2007 has also increased significantly by 115.3% compared to S\$11.4m in the corresponding quarter. In addition, the Group also disposed part of the available-for-sale financial assets, resulting in a profit of S\$7.2 million.

Total costs and expenses have increased with the increase in total revenue. Increase in commission and personnel expenses is in line with the increase in commission income. The substantial increase of 226.7% in finance expenses over the corresponding quarter was due to higher borrowing to fund the increased activities and margin portfolio.

Balance Sheet

The Group maintained a healthy net asset value of S\$908.9million as at 30 June 2007. Generally, the variations in the Group's balance sheet items between financial years/quarters are dependent on the volume of business activities towards the end of each reporting year/quarter.

The higher borrowing as at 30 June 2007 was to fund its increased activities and margin portfolio.

- 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 regional stock markets and other major bourses had a good run in the 2nd quarter of 2007. The 2nd quarter results have been exceptional due to investor confidence, good corporate results, positive economic indicators and liquidity diverted into the stock markets.

With the markets and stock prices reaching record levels recently, investors may have concerns as to whether a correction is due and how the negative news of the sub-prime mortgage market in the US may impact the stock market. We expect the long term underlying market conditions to remain positive and are confident of managing and minimising the negative impact of any correction which may occur.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial year reported on?

Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per	*9.0 cent per ordinary share less tax
Tax Rate	18.0%

* With this dividend, the Company has cleared all Section 44 credit balance.

(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	2.0 cent per ordinary share less tax
Tax Rate	20.0%

(c) Date payable

The interim ordinary dividend will be paid on 20 September 2007.

(d) Books closure date

Notice is hereby given that the Transfer Books and Register of Members of the Company will be closed on 4 September 2007 for the preparation of Dividend Warrants. Registrable transfers received by the Company's Registrar, B.A.C.S. Private Limited of 63 Cantonment Road, Singapore 089758 no later than 5.00pm on 3 September 2007, will be registered before entitlements to the dividends are determined.

12 If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

BY ORDER OF THE BOARD

Wee Ee-chao
Chairman and Managing Director
13 August 2007