



UOB-KAY HIAN HOLDINGS LIMITED

Financial Statements

And Dividend Announcement

For Second Quarter Ended 30 June 2008

(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 30/6/2008 S\$'000	6 months ended 30/6/2007 S\$'000	Increase / (Decrease) %	3 months ended 30/6/2008 S\$'000	3 months ended 30/6/2007 S\$'000	Increase / (Decrease) %
<u>Revenue</u>						
Commission income	178,210	324,961	(45.2)	73,141	182,194	(59.9)
Interest income	39,241	43,082	(8.9)	17,022	24,482	(30.5)
Dividend from quoted / unquoted securities	364	379	(4.0)	237	205	15.6
Facility, shares withdrawal and arrangement fees	3,215	790	307.0	2,626	379	592.9
Other operating revenue	1,433	2,158	(33.6)	348	968	(64.0)
Total revenue	222,463	371,370	(40.1)	93,374	208,228	(55.2)
Foreign exchange gain	1,452	6,505	(77.7)	689	4,082	(83.1)
Realised gain on financial assets, available-for-sale	4,251	13,724	(69.0)	-	7,172	N.M.
Total income	228,166	391,599	(41.7)	94,063	219,482	(57.1)
<u>Costs and expenses</u>						
Commission expenses	(41,610)	(80,101)	(48.1)	(17,315)	(44,727)	(61.3)
Personnel expenses	(60,863)	(96,100)	(36.7)	(24,623)	(56,099)	(56.1)
Depreciation and amortisation expenses	(1,266)	(1,514)	(16.4)	(637)	(827)	(23.0)
Allowance for impairment of trade debtors & bad debts written off	(362)	(187)	93.6	364	392	(7.1)
Net fair value (loss) /gain on financial assets/liabilities through profit or loss	(277)	121	(328.9)	(111)	476	(123.3)
Finance expenses	(7,852)	(17,969)	(56.3)	(2,176)	(10,148)	(78.6)
Other operating expenses	(28,044)	(27,067)	3.6	(13,726)	(13,329)	3.0
	(140,274)	(222,817)	(37.0)	(58,224)	(124,262)	(53.1)
Profit from operations	87,892	168,782	(47.9)	35,839	95,220	(62.4)
Share of results of associates	-	145	N.M.	-	22	N.M.
Profit before tax	87,892	168,927	(48.0)	35,839	95,242	(62.4)
Income tax expense*	(14,935)	(27,412)	(45.5)	(6,376)	(15,149)	(57.9)
Profit after tax	72,957	141,515	(48.4)	29,463	80,093	(63.2)
Attributable to :						
Equity holders of the Company	72,325	140,873	(48.7)	29,166	79,683	(63.4)
Minority interests	632	642	(1.6)	297	410	(27.6)
	72,957	141,515	(48.4)	29,463	80,093	(63.2)

*(Over)/underprovision of taxation in respect of prior years in the 6 months ended 30 June 2008 is \$(36,701). (6 months ended 30 June 2007: \$36,232)

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 30/6/2008	As at 31/12/2007	As at 30/6/2008	As at 31/12/2007
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	138,620	131,400	954	1,002
Outstanding contracts receivable	758,871	1,092,895	-	-
Trade receivables	1,643,335	2,005,062	-	-
Financial assets at fair value through profit or loss	2,855	3,183	-	-
Other current assets	20,320	14,160	64,300	293,164
Derivative financial instruments	8	47	-	-
	2,564,009	3,246,747	65,254	294,166
<u>Non-current assets</u>				
Loans to subsidiaries	-	-	-	217
Investments				
- in subsidiaries	-	-	234,726	230,094
- in associates	775	860	-	-
Financial assets, available-for-sale	23,573	38,371	-	-
Trading rights in Exchanges	101	111	-	-
Memberships in Exchanges	226	24	-	-
Land, property, plant and equipment	14,855	5,360	-	-
Deferred income tax assets	68	47	-	-
	39,598	44,773	234,726	230,311
Total assets	2,603,607	3,291,520	299,980	524,477
LIABILITIES				
<u>Current liabilities</u>				
Outstanding contracts payable	689,141	1,040,341	-	-
Trade and other payables	241,598	155,858	124,305	18,459
Financial liabilities at fair value through profit or loss	162	34	-	-
Borrowings	697,425	1,065,562	12,602	258,109
Current income tax liabilities	46,459	53,018	139	204
Derivative financial instruments	6	68	-	-
	1,674,791	2,314,881	137,046	276,772
<u>Non-current liabilities</u>				
Deferred income tax liabilities	488	723	-	-
Total liabilities	1,675,279	2,315,604	137,046	276,772
Net assets	928,328	975,916	162,934	247,705
<u>EQUITY</u>				
Share capital	72,471	72,471	72,471	72,471
Reserves	(18,683)	14,630	-	-
Retained earnings	860,343	874,138	90,463	175,234
	914,131	961,239	162,934	247,705
Minority interests	14,197	14,677	-	-
Total Equity	928,328	975,916	162,934	247,705
<u>Clients' trust / segregated accounts</u>				
Bank balances				
- with affiliated corporations	195,505	203,979	-	-
- with non-related banks	343,378	574,224	-	-
Margin with clearing houses	3,107	5,482	-	-
Less: Amounts held in trust	(541,990)	(783,685)	-	-
	-	-	-	-

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

	The Group			
	As at 30/6/2008		As at 31/12/2007	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amounts repayable in one year or less, or on demand	210,943	486,482	177,447	888,115
Amounts repayable after one year	-	-	-	-

Details of any collateral

Details of secured group borrowings are as follows:

- Short term loans of a subsidiary amounting to S\$210,942,361 are secured by a fixed charge over immovable fixed assets and a floating charge over all assets of the subsidiaries.

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 30/6/2008 S\$'000	6 months ended 30/6/2007 S\$'000	3 months ended 30/6/2008 S\$'000	3 months ended 30/6/2007 S\$'000
Operating activities				
Profit before tax and after share of results of associates	87,892	168,927	35,839	95,242
Adjustments for:				
Share of results of associates	-	(145)	-	(22)
Depreciation and amortisation expenses	1,266	1,514	637	827
(Gain) on disposal of property, plant and equipment	(1)	(18)	-	(17)
Realised (gain) on sale of financial assets, available-for-sale	(4,251)	(13,724)	-	(7,172)
Dividend income from quoted / unquoted securities	(364)	(379)	(237)	(205)
Interest income	(39,241)	(43,082)	(17,022)	(24,482)
Finance expenses	7,852	17,969	2,176	10,148
Exchange differences	(17,321)	2,880	(9,230)	3,011
Operating cash flow before working capital changes	35,832	133,942	12,163	77,330
Changes in operating assets and liabilities:				
Financial assets/liabilities at fair value through profit or loss	456	3,015	1,174	524
Debtors and outstanding contracts receivable	689,426	(2,173,359)	266,326	(1,576,122)
Creditors and outstanding contracts payable	(265,521)	1,097,850	(483,446)	1,128,540
Cash generated from / (used in) operations	460,193	(938,552)	(203,783)	(369,728)
Interest received	39,241	43,082	17,022	24,482
Interest paid	(7,852)	(17,969)	(2,176)	(10,148)
(Repayment) / Drawdown of short-term bank loans	(359,824)	981,642	292,716	469,996
Income tax paid	(20,632)	(14,628)	(19,178)	(13,374)
Net cash provided by operating activities	111,126	53,575	84,601	101,228
Investing activities				
Payments for land, property, plant and equipment	(10,874)	(1,168)	(10,492)	(680)
Proceeds from sale of financial assets, available-for-sale	4,675	14,219	(6)	7,392
Proceeds from disposal of property, plant and equipment	1	22	1	18
Payment for financial assets, available –for-sale	(3,312)	-	(1,295)	-
Payment to minority interest for dividend	(279)	(340)	(279)	(340)
Payment to minority interest for additional interest in a subsidiary	-	(868)	-	(272)
Acquisition of subsidiary				
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 / unquoted securities	364	379	237	205
Net cash (used in) / provided by investing activities	(9,425)	13,400	(11,834)	7,479
Financing activities				
Dividends paid	(86,168)	(62,397)	(86,168)	(62,397)
Net cash used in financing activities	(86,168)	(62,397)	(86,168)	(62,397)
Net increase/(decrease) in cash and cash equivalents during the financial period	15,533	4,578	(13,401)	46,310
Cash and cash equivalents at beginning of the financial period	122,257	119,932	151,191	78,200
Cash and cash equivalents at end of the financial period	137,790	124,510	137,790	124,510

- 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)*

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

	The Group	
	As at 30/6/2008 S\$'000	As at 30/6/2007 S\$'000
Cash and bank balances	138,620	166,065
Less: Bank overdrafts	(830)	(41,555)
Cash and cash equivalents per consolidated cash flow statement	137,790	124,510

- 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 2008	72,471	1,384	27,804	(14,558)	874,138	14,677	975,916
Fair value loss on financial assets, available-for-sale	-	-	(11,471)	-	-	4	(11,467)
Currency translation differences	-	31	(62)	(7,899)	-	284	(7,646)
Net gain/(loss) recognised directly in equity	-	31	(11,533)	(7,899)	-	288	(19,113)
Net profit for the first quarter	-	-	-	-	43,159	335	43,494
Total recognized gain/(loss) for the first quarter	-	31	(11,533)	(7,899)	43,159	623	24,381
Fair value gains transferred to income statement on realisation	-	-	(4,251)	-	-	-	(4,251)
Acquisition of additional interest in subsidiary	-	-	-	(4)	48	(44)	-
Balance at 31 March 2008	72,471	1,415	12,020	(22,461)	917,345	15,256	996,046

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 2008	72,471	1,415	12,020	(22,461)	917,345	15,256	996,046
Fair value loss on financial assets, available-for-sale	-	-	(1,629)	-	-	-	(1,629)
Currency translation differences	-	(105)	10	(7,933)	-	(1,077)	(9,105)
Net gain recognised directly in equity	-	(105)	(1,619)	(7,933)	-	(1,077)	(10,734)
Net profit for the second quarter	-	-	-	-	29,166	297	29,463
Total recognised gain for the second quarter	-	(105)	(1,619)	(7,933)	29,166	(780)	18,729
Final dividend for 2007 paid	-	-	-	-	(86,168)	-	(86,168)
Payment of dividends by a subsidiary	-	-	-	-	-	(279)	(279)
Balance at 30 June 2008	72,471	1,310	10,401	(30,394)	860,343	14,197	928,328

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 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 recognised 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	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 COMPANY

	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
Balance at 1 January 2008	72,471	175,234	247,705
Net profit for the first quarter	-	211	211
Balance at 31 March 2008	72,471	175,445	247,916
Net profit for the second quarter	-	1,186	1,186
Final dividend for 2007 paid	-	(86,168)	(86,168)
Balance at 30 June 2008	72,471	90,463	162,934

	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

- 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 statements for the quarter ended 30 June 2008 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

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 2007.

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
	30/6/2008	30/6/2007
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	4.02 cents	11.00 cents
(ii) On a fully diluted basis	4.02 cents	11.00 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
	30/6/2008	31/12/2007	30/6/2008	31/12/2007
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on	126.14 cents	132.64 cents	22.48 cents	34.18 cents

Net asset value for the group is derived after deducting the portion attributable to minority interest of 1.96 cents (2007: 2.02 cents) per share.

- 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

2007 was an exceptional year, especially the 2nd quarter, with record turnover for the stock broking industry and the Group. Market volume in Singapore and the region began to slow in 4th quarter 2007 and continued into 2nd quarter 2008. Consistent with the general decline in trading volume and lower commission income, the Group recorded revenue of \$93.4 million (2007: \$208.2 million) and a profit after tax of \$29.5 million (2007: \$80.1 million) this quarter.

The Group recorded commission income of \$73.1 million (2007: \$182.2 million), a significant decrease from the corresponding period in 2007. As with lower commission income, commission and personnel expenses also decreased. The reduction in finance expense is due to lower working capital requirements.

Balance Sheet

The Group maintained a healthy net asset value of S\$928.3million as at 30 June 2008. 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. Funding requirements reduced substantially due to lower loans advanced to support trading and IPO activities in Hong Kong.

- 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 second quarter saw trading volumes and share prices decline on a slew of negative news affecting global equity markets. High energy and commodity prices are expected to have a negative impact on corporate earnings.

Major global financial institutions have made substantial loan provisions as a result of sub-prime CDOs. Slow down in global growth will continue to impinge on financial markets in the foreseeable future. Despite the difficult trading environment, we expect to remain profitable barring any unforeseen market upheavals.

- 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	0.5 cent per ordinary share
Tax rate	Tax exempt (one-tier)

(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	9.0 cent per ordinary share less tax
Tax Rate	18.0%

(c) Date payable

The interim ordinary dividend will be paid on 16 September 2008.

(d) Books closure date

Notice is hereby given that the Transfer Books and Register of Members of the Company will be closed on 29 August 2008 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 28 August 2008, 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 2008