

UOB KayHian

UOB-KAY HIAN HOLDINGS LIMITED

Financial Statements

And Dividend Announcement

For First Quarter Ended 31 March 2006

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		Increase / (Decrease) %
	3 months ended 31/03/2006 S\$'000	3 months ended 31/03/2005 S\$'000	
Revenue			
Commission income	88,909	61,547	44.5
Interest income	9,714	5,790	67.8
Gross dividend from quoted securities	160	359	(55.4)
Facility, shares withdrawal and arrangement fees	888	975	(8.9)
Other operating income	1,484	1,156	28.4
Foreign exchange gain	265	1,795	(85.2)
Realised gain on available-for-sale financial assets	3,345	-	N.M.
Total revenue	104,765	71,622	46.3
Costs and expenses			
Commission expenses	(22,954)	(15,038)	52.6
Personnel expenses	(26,286)	(23,204)	13.3
Depreciation and amortisation expenses	(1,032)	(2,079)	(50.4)
Allowance for doubtful debts and bad debts written off	389	(2,432)	(116.0)
Allowance for impairment of investment in Associated companies	(1,000)	-	N.M.
Net fair value gain on financial Assets/(liabilities) through profit or loss	47	984	(95.2)
Finance expenses	(2,034)	(299)	580.3
Other operating expenses	(11,706)	(12,470)	(6.1)
	(64,576)	(54,538)	18.4
Profit from operations	40,189	17,084	135.2
Share of results of associated companies after tax	661	750	(11.9)
Profit before tax	40,850	17,834	129.1
Income tax expense	(7,719)	(3,745)	106.1
Profit from ordinary activities after tax	33,131	14,089	135.2
Attributable to :			
Equity holders of the Company	32,447	14,107	130.0
Minority interest	684	(18)	(3,900.0)
	33,131	14,089	135.2

Overprovision of tax in respect of prior years in the 3 months ended 31 March 2006 is (\$2,629). (3 months ended 31 March 2004: \$45,637)

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 31/03/2006 S\$'000	As at 31/12/2005 S\$'000	As at 31/03/2006 S\$'000	As at 31/12/2005 S\$'000
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	107,947	224,142	1,113	51,721
Outstanding contracts receivable	1,341,885	647,331	-	-
Trade receivables	712,636	561,280	-	-
Financial assets at fair value through profit or loss	867	2,321	-	-
Other current assets	18,455	13,672	125,741	64,026
Derivative financial instruments	4	-	-	-
	<u>2,181,794</u>	<u>1,448,746</u>	<u>126,854</u>	<u>115,747</u>
<u>Non-current assets</u>				
Loans to subsidiaries	-	-	32,440	32,461
Investments				
- in subsidiaries	-	-	407,379	266,998
- in associated companies	37,569	37,917	-	-
Available-for-sale financial assets	36,621	29,662	-	-
Trading rights in Exchanges	114	115	-	-
Memberships in Exchanges	28	26	-	-
Property, plant and equipment	5,574	6,315	-	-
Deferred income tax assets	36	35	-	-
	<u>79,942</u>	<u>74,070</u>	<u>439,819</u>	<u>299,459</u>
Total assets	<u>2,261,736</u>	<u>1,522,816</u>	<u>566,673</u>	<u>415,206</u>
LIABILITIES				
<u>Current liabilities</u>				
Outstanding contracts payable	1,242,065	629,808	-	-
Trade and other payables	54,333	48,369	172,845	21,613
Financial liabilities at fair value through profit or loss	215	28	-	-
Borrowings	144,171	71,776	-	-
Current income tax liabilities	32,459	25,659	306	281
Derivative financial instruments	3	214	-	-
	<u>1,473,246</u>	<u>775,854</u>	<u>173,151</u>	<u>21,894</u>
<u>Non-current liabilities</u>				
Deferred income tax liabilities	795	799	-	-
Total liabilities	<u>1,474,041</u>	<u>776,653</u>	<u>173,151</u>	<u>21,894</u>
Net assets	<u>787,695</u>	<u>746,163</u>	<u>393,522</u>	<u>393,312</u>
<u>SHAREHOLDERS' EQUITY</u>				
Share capital	72,471	72,471	72,471	72,471
Reserves	255,359	247,246	154,206	154,206
Retained earnings	445,260	412,960	166,845	166,635
	<u>773,090</u>	<u>732,677</u>	<u>393,522</u>	<u>393,312</u>
Minority interests	14,605	13,486	-	-
Total equity	<u>787,695</u>	<u>746,163</u>	<u>393,522</u>	<u>393,312</u>
<u>Clients' trust / segregated accounts</u>				
Bank balances				
- with affiliated corporations	89,901	71,318	-	-
- with non-related banks	248,972	211,175	-	-
Margin with clearing houses	4,714	5,858	-	-
Less: Amounts held in trust	(343,587)	(288,351)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	The Group			
	As at 31/03/2006		As at 31/12/2005	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amounts repayable in one year or less, or on demand	96,536	47,635	1,468	70,308
Amounts repayable after one year	-	-	-	-

Details of any collateral

Details of secured group borrowings are as follows:

- Bank overdraft of a subsidiary amounting to S\$2,535,459 are secured by a fixed charge over immovable fixed assets and a floating charge over all assets of the subsidiary.
- Bank loans of a subsidiary amounting to S\$94,000,000 are secured by a fixed charge over immovable fixed assets and a floating charge over all assets of the 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	
	3 months ended 31/03/2006 S\$'000	3 months ended 31/03/2005 S\$'000
	Cash flows from operating activities	
Profit before tax and after share of results of associated companies	40,850	17,834
Adjustments for:		
Share of results of associated companies	(661)	(750)
Depreciation and amortisation expenses	1,032	1,297
Gain on disposal of property, plant and equipment	1	-
Gain on sale of available-for-sale financial assets	(3,345)	-
Gross dividend income from quoted securities	(160)	(359)
Allowance for impairment of investment in associated companies	1,000	-
Interest income	(9,714)	(5,790)
Interest expense	2,034	299
Exchange differences	419	511
Operating cash flow before working capital changes	<u>31,456</u>	<u>13,042</u>
Changes in operating assets and liabilities:		
Financial assets & liabilities at fair value through profit or loss	1,641	(9,392)
Debtors and outstanding contracts receivable	(850,694)	(343,488)
Due from/to associated companies	-	(73)
Creditors and outstanding contracts payable	618,221	302,613
Cash used in operations	<u>(199,376)</u>	<u>(37,298)</u>
Interest received	9,714	5,790
Interest paid	(2,034)	(299)
Drawdown / (Repayment) of short-term bank loans	68,934	(46,025)
Income tax paid	(868)	(104)
Net cash used in operating activities	<u>(123,630)</u>	<u>(77,936)</u>
Cash flows from investing activities		
Payments for fixed assets	(289)	(577)
Proceeds from sale of available-for-sale financial assets	4,103	-
Payment to minority interest for redemption of shares by a subsidiary	-	(2,717)
Dividends received from quoted securities	160	359
Net cash provided by from / (used in) investing activities	<u>3,974</u>	<u>(2,935)</u>
Net decrease in cash and cash equivalents during the financial period	(119,656)	(80,871)
Cash and cash equivalents at beginning of the financial period	<u>220,164</u>	<u>278,422</u>
Cash and cash equivalents at end of the financial period	<u>100,508</u>	<u>197,551</u>

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 the consolidated cash flow statement, the consolidated cash and cash equivalents comprise the following:

	The Group	
	As at 31/03/2006 S\$'000	As at 31/03/2005 S\$'000
Cash and bank balances	107,947	198,060
Less: Bank overdrafts	(7,439)	(509)
Cash and cash equivalents per consolidated cash flow statement	100,508	197,551

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	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	640	25,228	(4,099)	412,960	13,486	746,163
Fair value gains on available-for-sale financial assets	-	-	-	-	11,052	-	-	-	11,052
Fair value gains transferred to profit and loss on realisation	-	-	-	-	(3,345)	-	-	-	(3,345)
Currency translation differences	-	-	-	-	-	259	-	435	694
Net income recognised directly in equity	-	-	-	-	7,707	259	-	435	8,401
Net profit for the financial quarter	-	-	-	-	-	-	32,447	684	33,131
Total recognised gain for the financial quarter	-	-	-	-	7,707	259	32,447	1,119	41,532
Transfer from Retained Earnings to Statutory Reserves	-	-	-	147	-	-	(147)	-	-
Balance at 31 March 2006	72,471	154,206	71,271	787	32,935	(3,840)	445,260	14,605	787,695

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

	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 2005									
- As previously reported	72,471	202,332	53,898	-	-	(4,201)	332,284	3,237	660,021
- Effect of changes in accounting policies	-	-	-	-	14,070	-	7,322	-	21,392
- As restated	72,471	202,332	53,898	-	14,070	(4,201)	339,606	3,237	681,413
Fair value gains on available-for-sale financial assets	-	-	-	-	3,075	-	-	-	3,075
Currency translation differences	-	-	-	-	-	686	-	72	758
Net income recognised directly in equity	-	-	-	-	3,075	686	-	72	3,833
Net profit/(loss) for the financial quarter	-	-	-	-	-	-	14,107	(18)	14,089
Total recognised gain for the financial quarter	-	-	-	-	3,075	686	14,107	54	17,922
Payment of redemption of shares by a subsidiary	-	-	-	-	-	-	-	(2,717)	(2,717)
Balance at 31 March 2005	72,471	202,332	53,898	-	17,145	(3,515)	353,713	574	696,618

STATEMENT OF CHANGES IN EQUITY – THE COMPANY

	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 financial quarter	-	-	210	210
Balance at 31 March 2006	72,471	154,206	166,845	393,522
Balance at 1 January 2005	72,471	202,332	155,123	429,926
Net profit for the financial quarter	-	-	442	442
Balance at 31 March 2005	72,471	202,332	155,565	430,368

- 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

- 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 2005.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

- 6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	The Group	
	3 months ended 31/03/2006	3 months ended 31/03/2005
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	4.48 cents	1.95 cents
(ii) On a fully diluted basis	4.48 cents	1.95 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 31/03/2006	As at 31/12/2005	As at 31/03/2006	As at 31/12/2005
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on	106.68 cents	101.10 cents	54.30 cents	54.27 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 a profit after taxation of S\$33.1 million for the 1st Quarter 2006 compared to S\$14.1 million in the 1st Quarter 2005.

The Group's principal source of revenue is commission income from stockbroking activities in Singapore, Hong Kong and Thailand. The increase in Group revenue from S\$71.6 million in 1st Quarter 2005 to S\$104.7 million in 1st Quarter 2006 was due mainly to positive market sentiments and correspondingly higher trading volumes in both the Singapore and Hong Kong markets. Interest income also increased during this period as the Group's margin financing portfolio increased. Disposal of part of the Group's long-term investments resulted in a profit of S\$3.3 million which also contributed to the increase in Group's profit during the quarter.

The increase in the Group's commission expenses was in line with the increase in revenue. The moderate increase of 6.1% in other operating expenses compared to the increase of 46.3% in total revenue was largely due to the economies of scale achieved by the Group.

The higher income tax expense is in line with the increase in the Group's profit.

Balance Sheet

The Group's financial position was enhanced further as a result of the strong performance in 1st Quarter 2006. Shareholders' equity excluding minority interests increased from S\$732.7 million as of 31 December 2005 to S\$773.1 million as of 31 March 2006. The increases in outstanding contracts receivables and payables are attributable to the significantly more active market during the 1st Quarter 2006. The higher trade receivables balances as at 31 March 2006 were due to the increase in the margin portfolio balances.

The increase in investment in subsidiaries from S\$267.0 million as at 31 December 2005 to S\$407.4 million as at 31 March 2006 was due to the streamlining and restructuring of the holding of certain subsidiaries within the Group, resulting in the transferring of the holding of the Group's investment in certain subsidiaries from an investment holding subsidiary to the Company. As the transfer of the subsidiaries was settled by way of inter-company debts, the Company's trade and other payables also increased correspondingly.

- 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.**

Market sentiments in the Singapore and Hong Kong have been bullish since the start of 2006 whilst those in Thailand had been dampened by the political deadlock. Although uncertainties over the price of oil and fears of interest rate rise may affect economic growth in the region, we remain cautiously optimistic that the positive economic outlook in the region will prevail. The Thai market is expected to rebound strongly once the political uncertainty is resolved.

We are confident the positive market sentiments and the strong showing in the markets will continue to spill over into the 2nd Quarter 2006.

11 Dividend

(a) Current Financial Period (Quarter) Reported On

Any dividend declared for the current financial period (quarter) reported on? None

(b) Corresponding Period (Quarter) 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/recommendeded, a statement to that effect.

No dividend has been declared / recommended for the quarter ended 31 March 2006.

BY ORDER OF THE BOARD

Tang Wee Loke
Deputy Managing Director
11 May 2006