



UOB-KAY HIAN HOLDINGS LIMITED

Financial Statements

And Dividend Announcement

For First Quarter Ended 31 March 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		
	3 months ended 31/03/2007	3 months ended 31/03/2006	Increase / (Decrease) %
	S\$'000	S\$'000	
Revenue			
Commission income	142,767	88,909	60.6
Interest income	18,600	9,714	91.5
Dividend from quoted securities	174	160	8.8
Facility, shares withdrawal and arrangement fees	411	888	(53.7)
Other operating revenue	1,190	1,484	(19.8)
Total revenue	163,142	101,155	61.3
Foreign exchange gain	2,423	265	814.3
Realised gain on financial assets, available-for-sale	6,552	3,345	95.9
Total income	172,117	104,765	64.3
Costs and expenses			
Commission expenses	(35,374)	(22,954)	54.1
Personnel expenses	(40,001)	(26,286)	52.2
Depreciation and amortisation expenses	(687)	(1,032)	(33.4)
Allowance for impairment of trade debtors & bad debts written off	(579)	389	(248.8)
Allowance for impairment of investment in associated companies	-	(1,000)	N.M
Net fair value (loss)/gain on financial assets/liabilities through profit or loss	(355)	47	855.3
Finance expenses	(7,821)	(2,034)	284.5
Other operating expenses	(13,738)	(11,706)	17.4
	(98,555)	(64,576)	52.6
Profit from operations	73,562	40,189	83.0
Share of results of associated companies after tax	123	661	(81.4)
Profit before tax	73,685	40,850	80.4
Income tax expense*	(12,263)	(7,719)	58.9
Profit after tax	61,422	33,131	85.4
Attributable to :			
Equity holders of the Company	61,190	32,447	88.6
Minority interest	232	684	(66.1)
	61,422	33,131	85.4

*Underprovision of taxation in respect of prior years in the 3 months ended 31 March 2007 is \$2,822. (3 months ended 31 March 2006: \$2,629)
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 31/03/2007 S\$'000	As at 31/12/2006 S\$'000	As at 31/03/2007 S\$'000	As at 31/12/2006 S\$'000
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	105,693	133,092	1,247	17,260
Outstanding contracts receivable	1,422,642	1,447,527	-	-
Trade receivables	1,678,174	1,038,906	-	-
Financial assets at fair value through profit or loss	6,455	9,001	-	-
Other current assets	17,236	34,599	104,431	169,358
Derivative financial instruments	16	11	-	-
	<u>3,230,216</u>	<u>2,663,136</u>	<u>105,678</u>	<u>186,618</u>
<u>Non-current assets</u>				
Loans to subsidiaries	-	-	32,395	32,402
Investments				
- in subsidiaries	-	-	178,577	178,577
- in associated companies	14,435	14,271	2,648	2,648
Financial assets, available-for-sale	26,472	28,344	-	-
Trading rights in Exchanges	109	109	-	-
Memberships in Exchanges	242	26	-	-
Property, plant and equipment	3,947	4,146	-	-
Deferred income tax assets	50	36	-	-
	<u>45,255</u>	<u>46,932</u>	<u>213,620</u>	<u>213,627</u>
Total assets	<u>3,275,471</u>	<u>2,710,068</u>	<u>319,298</u>	<u>400,245</u>
LIABILITIES				
<u>Current liabilities</u>				
Outstanding contracts payable	1,346,076	1,426,208	-	-
Trade and other payables	137,848	88,400	34,836	17,146
Financial liabilities at fair value through profit or loss	15	71	-	-
Borrowings	864,498	338,518	-	98,811
Current income tax liabilities	42,282	31,347	337	298
Derivative financial instruments	9	15	-	-
	<u>2,390,728</u>	<u>1,884,559</u>	<u>35,173</u>	<u>116,255</u>
<u>Non-current liabilities</u>				
Deferred income tax liabilities	723	724	-	-
Total liabilities	<u>2,391,451</u>	<u>1,885,283</u>	<u>35,173</u>	<u>116,255</u>
Net assets	<u>884,020</u>	<u>824,785</u>	<u>284,125</u>	<u>283,990</u>
<u>EQUITY</u>				
Share capital	72,471	72,471	72,471	72,471
Reserves	19,421	21,170	-	-
Retained earnings	778,098	716,947	211,654	211,519
	<u>869,990</u>	<u>810,588</u>	<u>284,125</u>	<u>283,990</u>
Minority interests	14,030	14,197	-	-
Total Equity	<u>884,020</u>	<u>824,785</u>	<u>284,125</u>	<u>283,990</u>
<u>Clients' trust / segregated accounts</u>				
Bank balances				
- with affiliated corporations	456,545	143,366	-	-
- with non-related banks	292,385	329,518	-	-
Margin with clearing houses	5,599	5,414	-	-
Less: Amounts held in trust	(754,529)	(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 31/03/2007		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	159,978	704,520	157,369	181,149
Amounts repayable after one year	-	-	-	-

Details of any collateral

Details of secured group borrowings are as follows:

- Bank overdrafts of a subsidiary amounting to S\$21,460,681 are secured by a fixed charge over immovable fixed assets and a floating charge over all assets of the subsidiary.
- Bank borrowings of a subsidiary amounting to S\$138,517,458 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	
	3 months ended 31/03/2007	3 months ended 31/03/2006
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before tax and after share of results of associated companies	73,685	40,850
Adjustments for:		
Share of results of associated companies	(123)	(661)
Depreciation and amortisation expenses	687	1,032
(Gain)/Loss on disposal of property, plant and equipment	(1)	1
Realised gain on sale of financial assets, available-for-sale	(6,552)	(3,345)
Dividend income from quoted securities	(174)	(160)
Allowance for impairment of investment in associated companies	-	1,000
Interest income	(18,600)	(9,714)
Finance expenses	7,821	2,034
Exchange differences	(131)	419
Operating cash flow before working capital changes	56,612	31,456
Changes in operating assets and liabilities:		
Financial assets/liabilities at fair value through profit or loss	2,491	1,641
Debtors and outstanding contracts receivable	(597,237)	(850,694)
Creditors and outstanding contracts payable	(30,690)	618,221
Cash used in operations	(568,824)	(199,376)
Interest received	18,600	9,714
Interest paid	(7,821)	(2,034)
Drawdown of short-term bank loans	511,646	68,934
Income tax paid	(1,254)	(868)
Net cash used in operating activities	(47,653)	(123,630)
Cash flows from investing activities		
Payments for property, plant and equipment	(488)	(289)
Proceeds from sale of financial assets, available-for-sale	6,827	4,103
Proceeds from disposal of property, plant and equipment	4	-
Payment to minority interest for additional interest in a subsidiary	(596)	-
Dividends received from quoted securities	174	160
Net cash provided by investing activities	5,921	3,974
Net decrease in cash and cash equivalents during the financial period	(41,732)	(119,656)
Cash and cash equivalents at beginning of the financial period	119,932	220,164
Cash and cash equivalents at end of the financial period	78,200	100,508

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 31/03/2007	As at 31/03/2006
	S\$'000	S\$'000
Cash and bank balances	105,693	107,947
Less: Bank overdrafts	(27,493)	(7,439)
Cash and cash equivalents per consolidated cash flow statement	78,200	100,508

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 financial quarter	-	-	-	-	61,190	232	61,422
Total recognised gain/(loss) for the financial 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

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 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 financial quarter	-	-	-	-	-	-	32,447	684	33,131
Total recognised gains for the financial 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

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 financial quarter	-	135	135
Balance at 31 March 2007	72,471	211,654	284,125

	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

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 31 March 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 month ended	3 month ended
	31/03/2007	31/03/2006
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	8.44 cents	4.48 cents
(ii) On a fully diluted basis	8.44 cents	4.48 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
	31/03/2007	31/12/2006	31/03/2007	31/12/2006
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on	120.05 cents	111.85 cents	39.21 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 Group recorded an 85.4% increase of net profit after taxation in 1st quarter 2006 of \$33.1 million compared to 1st quarter 2007 of \$61.4 million. This is a result of the Group's good trading activities and business in Singapore and Hong Kong markets.

The significant increase of \$67.4 million in the Group's total income from \$104.8 million in 1st quarter 2006 to \$172.1 million in 1st quarter 2007 was due to increase in commission income and interest income from margin financing portfolio. In addition, the Group also disposed part of the available-for-sale financial assets that resulted in a profit of S\$6.6 million compared to \$3.3 million in the previous corresponding quarter.

Total costs and expenses have increased in line with the increase in total revenue. The substantial increase of 284.5% 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 strong financial position as at 31 March 2007 with a net asset value of \$884.0 million. The higher trade receivables balance as at 31 March 2007 was mainly due to the bigger margin portfolio. The higher borrowing as at 31 March 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.**

With the exception of Thailand, the first quarter had been good for the regional stock markets. Investors' confidence was boosted by the positive movement in prices while brokers benefit from the high trading volumes. Strong corporate earnings and robust economic growth continue to have a positive influence on the regional bourses in the beginning of the second quarter with indices around the world recording new highs.

Although we are confident that the economic outlook in the region will remain positive in the second quarter, we need to monitor macroeconomic developments in the US and China. Interest rates adjustments and any attempts by policy makers in China to cool the Chinese economy and the stock market will have a significant impact on the regional markets.

- 11 Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial year reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Period

Any dividend declared for the corresponding period 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 2007.

BY ORDER OF THE BOARD

Wee Ee-chao
Chairman and Managing Director
14 May 2007