



UOB-KAY HIAN HOLDINGS LIMITED

Financial Statements

And Dividend Announcement

For First Quarter Ended 31 March 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		
	3 months ended 31/03/2008 S\$'000	3 months ended 31/03/2007 S\$'000	Increase / (Decrease) %
<u>Revenue</u>			
Commission income	105,069	142,767	(26.4)
Interest income	22,219	18,600	19.5
Dividend from quoted securities	127	174	(27.0)
Facility, shares withdrawal and arrangement fees	589	411	43.3
Other operating revenue	1,085	1,190	(8.8)
Total revenue	129,089	163,142	(20.9)
Foreign exchange gain	763	2,423	(68.5)
Realised gain on financial assets, available-for-sale	4,251	6,552	(35.1)
Total income	134,103	172,117	(22.1)
<u>Costs and expenses</u>			
Commission expenses	(24,295)	(35,374)	(31.3)
Personnel expenses	(36,240)	(40,001)	(9.4)
Depreciation and amortisation expenses	(629)	(687)	(8.4)
Allowance for impairment of trade debtors & bad debts written off	(726)	(579)	25.4
Net fair value loss on financial assets/liabilities through profit or loss	(166)	(355)	(53.2)
Finance expenses	(5,676)	(7,821)	(27.4)
Other operating expenses	(14,318)	(13,738)	4.2
	(82,050)	(98,555)	(16.7)
Profit from operations	52,053	73,562	(29.2)
Share of results of associated companies after tax	-	123	N.M.
Profit before tax	52,053	73,685	(29.4)
Income tax expense*	(8,559)	(12,263)	(30.2)
Profit after tax	43,494	61,422	(29.2)
Attributable to :			
Equity holders of the Company	43,159	61,190	(29.5)
Minority interest	335	232	44.4
	43,494	61,422	(29.2)

*(Over)/under provision of taxation in respect of prior years in the 3 months ended 31 March 2008 is \$(59,283). (3 months ended 31 March 2007: \$2,822)

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 31/03/2008	As at 31/12/2007	As at 31/03/2008	As at 31/12/2007
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	172,188	131,400	1,027	1,002
Outstanding contracts receivable	1,235,710	1,092,895	-	-
Trade receivables	1,439,602	2,005,062	-	-
Financial assets at fair value through profit or loss	4,043	3,183	-	-
Other current assets	13,721	14,160	54,530	293,164
Derivative financial instruments	33	47	-	-
	2,865,297	3,246,747	55,557	294,166
<u>Non-current assets</u>				
Loans to subsidiaries	-	-	207	217
Investments				
- in subsidiaries	-	-	234,726	230,094
- in associated companies	843	860	-	-
Financial assets, available-for-sale	24,002	38,371	-	-
Trading rights in Exchanges	105	111	-	-
Memberships in Exchanges	23	24	-	-
Property, plant and equipment	5,101	5,360	-	-
Deferred income tax assets	69	47	-	-
	30,143	44,773	234,933	230,311
Total assets	2,895,440	3,291,520	290,490	524,477
LIABILITIES				
<u>Current liabilities</u>				
Outstanding contracts payable	1,156,470	1,040,341	-	-
Trade and other payables	257,715	155,858	22,426	18,459
Financial liabilities at fair value through profit or loss	176	34	-	-
Borrowings	424,875	1,065,562	20,013	258,109
Current income tax liabilities	59,596	53,018	135	204
Derivative financial instruments	7	68	-	-
	1,898,839	2,314,881	42,574	276,772
<u>Non-current liabilities</u>				
Deferred income tax liabilities	555	723	-	-
Total liabilities	1,899,394	2,315,604	42,574	276,772
Net assets	996,046	975,916	247,916	247,705
<u>EQUITY</u>				
Share capital	72,471	72,471	72,471	72,471
Reserves	(9,026)	14,630	-	-
Retained earnings	917,345	874,138	175,445	175,234
	980,790	961,239	247,916	247,705
Minority interests	15,256	14,677	-	-
Total Equity	996,046	975,916	247,916	247,705
<u>Clients' trust / segregated accounts</u>				
Bank balances				
- with affiliated corporations	136,481	203,979	-	-
- with non-related banks	453,215	574,224	-	-
Margin with clearing houses	5,446	5,482	-	-
Less: Amounts held in trust	(595,142)	(783,685)	-	-
	-	-	-	-

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

	The Group			
	As at 31/03/2008		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	48,472	376,403	177,447	888,115
Amounts repayable after one year	-	-	-	-

Details of any collateral

Details of secured group borrowings are as follows:

1. Bank overdrafts and short term loans of a subsidiary amounting to S\$48,416,964 are secured by a fixed charge over immovable fixed assets and a floating charge over all assets of the subsidiary.
2. Bank borrowings of a subsidiary amounting to S\$54,983 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 31/03/2008	3 months ended 31/03/2007
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before tax and after share of results of associated companies	52,053	73,685
Adjustments for:		
Share of results of associated companies	-	(123)
Depreciation and amortisation expenses	629	687
Gain on disposal of property, plant and equipment	(1)	(1)
Realised gain on sale of financial assets, available-for-sale	(4,251)	(6,552)
Dividend income from quoted securities	(127)	(174)
Allowance for impairment of investment in associated companies	-	-
Interest income	(22,219)	(18,600)
Finance expenses	5,676	7,821
Exchange differences	(8,091)	(131)
Operating cash flow before working capital changes	23,669	56,612
Changes in operating assets and liabilities:		
Financial assets/liabilities at fair value through profit or loss	(718)	2,491
Debtors and outstanding contracts receivable	423,100	(597,237)
Creditors and outstanding contracts payable	217,925	(30,690)
Cash from / (used in) operations	663,976	(568,824)
Interest received	22,219	18,600
Interest paid	(5,676)	(7,821)
(Payment) /drawdown of short-term bank loans	(652,540)	511,646
Income tax paid	(1,454)	(1,254)
Net cash from / (used in) operating activities	26,525	(47,653)
Cash flows from investing activities		
Payments for property, plant and equipment	(382)	(488)
Proceeds from sale of financial assets, available-for-sale	2,664	6,827
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	127	174
Net cash from investing activities	2,409	5,921
Net increase / (decrease) in cash and cash equivalents during the financial period	28,934	(41,732)
Cash and cash equivalents at beginning of the financial period	122,257	119,932
Cash and cash equivalents at end of the financial period	151,191	78,200

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 31/03/2008 S\$'000	As at 31/03/2007 S\$'000
Cash and bank balances	172,188	105,693
Less: Bank overdrafts	(20,997)	(27,493)
Cash and cash equivalents per consolidated cash flow statement	<u>151,191</u>	<u>78,200</u>

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 gains 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 financial quarter	-	-	-	-	43,159	335	43,494
Total recognised gain/(loss) for the financial 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.

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	1,03	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	6	(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

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 financial quarter	-	211	211
Balance at 31 March 2008	72,471	175,445	247,916

	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

- 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 2008 to be false or misleading

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 month ended 31/03/2008	3 month ended 31/03/2007
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	5.96 cents	8.44 cents
(ii) On a fully diluted basis	5.96 cents	8.44 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 31/03/2008	As at 31/12/2007	As at 31/03/2008	As at 31/12/2007
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on	135.34 cents	132.64 cents	34.21 cents	34.18 cents

Net asset value for the group is derived after deducting the portion attributable to minority interest of 2.10 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 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 1st quarter 2008. In tandem with the general decline in trading volume and lower commission income, the Group recorded revenue of \$134.1 million (2007: \$172.1 million) and a profit after tax of \$43.5 million in 1st quarter 2008; a decline of 29.2% from \$61.4 million achieved in 1st quarter 2007.

The lower commission income of \$105.1 million (2007: \$172.1 million) was partially offset by higher interest income of \$22.2 million (2007: \$18.6 million), due mainly to a larger margin portfolio. As with lower commission income, commission expenses also decreased, from \$35.4 million in 1st quarter 2007 to \$24.3 million in 1st quarter 2008. The reduction in Finance expense is due to lower working capital requirements.

Balance Sheet

The Group maintained a strong financial position as at 31 March 2008 with a net asset value of \$996.0 million. Funding requirements reduced substantially due to lower loans advanced to support trading and IPO activities in Singapore and 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 first quarter of 2008 was challenging for the financial markets. Market and trading conditions were volatile during this period due mainly to concerns over the impact of the sub-prime mortgage on financial institutions, the effects of the credit crunch on consumer spending and longer term economic growth prospects. Market turnover in Singapore was lower compared to the same period in 2007.

Barring any significant deterioration in market sentiments, the Group expects to remain profitable for the current year.

- 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/recommendeded, a statement to that effect.

No dividend has been declared / recommended for the quarter ended 31 March 2008.

BY ORDER OF THE BOARD

Wee Ee-chao
Chairman and Managing Director
13 May 2008