



UOB-KAY HIAN HOLDINGS LIMITED

Financial Statements

And Dividend Announcement

For Third Quarter Ended 30 September 2006

(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					
	9 months ended 30/09/2006 S\$'000	9 months ended 30/09/2005 S\$'000	Increase / (Decrease) %	3 months ended 30/09/2006 S\$'000	3 months ended 30/09/2005 S\$'000	Increase / (Decrease) %
Revenue						
Commission income	251,007	197,523	27.1	67,909	78,562	(13.6)
Interest income	33,166	19,548	69.7	12,080	7,085	70.5
Gross dividend from quoted securities	282	2,443	(88.5)	6	246	(97.6)
Facility, shares withdrawal and arrangement fees	7,120	2,928	143.2	5,487	1,579	247.5
Other operating income	3,806	4,695	(18.9)	877	940	(6.7)
Foreign exchange gain	1,997	5,621	(64.5)	1,021	1,897	(46.2)
Realised gain on available-for-sale financial assets	19,282	-	N.M	-	-	N.M
Total revenue	316,660	232,758	36.0	87,380	90,309	(3.2)
Costs and expenses						
Commission expenses	(59,139)	(49,145)	20.3	(15,715)	(20,790)	(24.4)
Personnel expenses	(85,786)	(68,452)	25.3	(29,434)	(23,902)	23.1
Depreciation and amortisation expenses	(2,908)	(6,195)	(53.1)	(896)	(2,011)	(55.4)
Allowance for impairment of trade debtors	214	578	(63.0)	(86)	376	(122.9)
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	165	-	N.M	95	-	N.M
Finance expenses	(7,485)	(1,763)	324.6	(2,346)	(905)	159.2
Allowance for impairment of goodwill on acquisition of additional interest in subsidiary	(360)	-	N.M	(5)	-	N.M
Other operating expenses	(35,523)	(36,426)	(2.5)	(10,951)	(12,287)	(10.9)
	(191,822)	(161,403)	18.8	(59,338)	(59,519)	(0.3)
Profit from operations	124,838	71,355	75.0	28,042	30,790	(8.9)
Share of results of associated companies after tax	886	2,381	(62.8)	123	650	(81.1)
Profit before tax	125,724	73,736	70.5	28,165	31,440	(10.4)
Income tax expense*	(21,340)	(14,919)	43.0	(5,729)	(6,608)	(13.3)
Profit from ordinary activities after tax	104,384	58,817	77.5	22,436	24,832	(9.6)
Attributable to :						
Equity holders of the Company	102,923	58,785	75.1	22,091	24,805	(10.9)
Minority interest	1,461	32	4,465.6	345	27	1,177.8
	104,384	58,817	77.5	22,436	24,832	(9.6)

*Overprovision of tax in respect of prior years in the 9 months ended 30 September 2006 is \$187,470. (9 months ended 30 September 2005: \$63,788)

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 30/09/2006 S\$'000	As at 31/12/2005 S\$'000	As at 30/09/2006 S\$'000	As at 31/12/2005 S\$'000
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	119,766	224,142	7,030	51,721
Outstanding contracts receivable	1,067,480	647,331	-	-
Trade receivables	969,539	561,280	-	-
Financial assets at fair value through profit or loss	8,950	2,321	-	-
Other current assets	20,818	13,672	81,533	64,026
Derivative financial instruments	5	-	-	-
	2,186,558	1,448,746	88,563	115,747
<u>Non-current assets</u>				
Loans to subsidiaries	-	-	32,426	32,461
Investments				
- in subsidiaries	-	-	394,731	266,998
- in associated companies	14,120	37,917	2,648	-
Available-for-sale financial assets	23,031	29,662	-	-
Trading rights in Exchanges	112	115	-	-
Memberships in Exchanges	27	26	-	-
Property, plant and equipment	4,491	6,315	-	-
Deferred income tax assets	36	35	-	-
	41,817	74,070	429,805	299,459
Total assets	2,228,375	1,522,816	518,368	415,206
LIABILITIES				
<u>Current liabilities</u>				
Outstanding contracts payable	1,023,163	629,808	-	-
Trade and other payables	50,194	48,369	152,259	21,613
Financial liabilities at fair value through profit or loss	75	28	-	-
Borrowings	336,409	71,776	10,206	-
Current income tax liabilities	30,918	25,659	258	281
Derivative financial instruments	31	214	-	-
	1,440,790	775,854	162,723	21,894
<u>Non-current liabilities</u>				
Deferred income tax liabilities	791	799	-	-
Total liabilities	1,441,581	776,653	162,723	21,894
Net assets	786,794	746,163	355,645	393,312
<u>SHAREHOLDERS' EQUITY</u>				
Share capital	72,471	72,471	72,471	72,471
Reserves	242,870	247,246	154,206	154,206
Retained earnings	457,646	412,960	128,968	166,635
	772,987	732,677	355,645	393,312
Minority interests	13,807	13,486	-	-
Total equity	786,794	746,163	355,645	393,312
<u>Clients' trust / segregated accounts</u>				
Bank balances				
- with affiliated corporations	93,967	71,318	-	-
- with non-related banks	235,530	211,175	-	-
Margin with clearing houses	6,768	5,858	-	-
Less: Amounts held in trust	(336,265)	(288,351)	-	-
	-	-	-	-

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

	The Group			
	As at 30/09/2006		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	65,655	270,754	1,468	70,308
Amounts repayable after one year	-	-	-	-

Details of any collateral

Details of secured group borrowings are as follows:

- Bank borrowings of a subsidiary amounting to S\$65,654,912 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			
	9 months ended 30/09/2006 S\$'000	9 months ended 30/09/2005 S\$'000	3 months ended 30/09/2006 S\$'000	3 months ended 30/09/2005 S\$'000
	Cash flows from operating activities			
Profit before tax and after share of results of associated companies	125,724	73,736	28,165	31,440
Adjustments for:				
Share of results of associated companies	(886)	(2,381)	(123)	(650)
Depreciation and amortisation expenses	2,908	3,839	896	1,226
Loss on disposal of property, plant and equipment	7	2	-	10
Gain on sale of available-for-sale financial assets	(19,282)	-	-	-
Gross dividend income from quoted securities	(282)	(2,443)	(6)	(246)
Allowance for impairment of investment in associated companies	1,000	-	-	-
Allowance for impairment of goodwill on acquisition of additional interest in a subsidiary	360	-	5	-
Interest income	(33,166)	(19,548)	(12,080)	(7,085)
Interest expense	7,485	1,763	2,346	905
Exchange differences	(122)	1,444	987	604
Operating cash flow before working capital changes	83,746	56,412	20,190	26,204
Changes in operating assets and liabilities:				
Financial assets at fair value through profit or loss	(6,581)	(5,031)	(8,949)	996
Debtors and outstanding contracts receivable	(835,559)	(692,480)	(404,528)	(222,971)
Due from/to associated companies	-	(73)	-	-
Creditors and outstanding contracts payable	394,996	523,122	58,135	114,495
Cash (used in) operations	(363,398)	(118,050)	(335,152)	(81,276)
Interest received	33,166	19,548	12,080	7,085
Interest paid	(7,485)	(1,763)	(2,346)	(905)
Drawdown / (Repayment) of short-term bank loans	266,825	(16,529)	301,029	13,948
Income tax paid	(15,939)	(16,495)	(7,510)	(8,303)
Net cash (used in) operating activities	(86,831)	(133,289)	(31,899)	(69,451)
Cash flows from investing activities				
Payments for property, plant and equipment	(1,102)	(1,488)	(222)	(479)
Proceeds from sale of available-for-sale financial assets	21,926	-	-	-
Proceeds from disposal of property, plant and equipment	(3)	36	(3)	5
Proceeds from redemption of preference shares in associated company	10,000	-	10,000	-
Payment to minority interest for dividend	(372)	-	-	-
Payment to minority interest for additional interest in a subsidiary	(1,683)	-	(57)	-
Payment to minority interest for redemption of shares by a subsidiary	-	(2,717)	-	-
Dividends received from quoted securities	282	2,442	6	245
Dividends received from associated company	13,577	5,320	265	5,320
Net cash provided by investing activities	42,625	3,593	9,989	5,091
Cash flows from financing activities				
Dividends paid	(57,977)	(43,483)	(11,596)	(2,899)
Net cash (used in) financing activities	(57,977)	(43,483)	(11,596)	(2,899)
Net (decrease) in cash and cash equivalents during the financial period	(102,183)	(173,179)	(33,506)	(67,259)
Cash and cash equivalents at beginning of the financial period	220,164	278,422	151,487	172,502
Cash and cash equivalents at end of the financial period	117,981	105,243	117,981	105,243

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 30/09/2006	As at 30/09/2005
	S\$'000	S\$'000
Cash and bank balances	119,766	120,982
Less: Bank overdrafts	(1,785)	(15,739)
Cash and cash equivalents per consolidated cash flow statement	117,981	105,243

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
Currency translation differences	-	-	-	-	-	259	-	435	694
Net income 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 profit and loss on realisation	-	-	-	-	(3,345)	-	-	-	(3,345)
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 *(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 31 March 2006	72,471	154,206	71,271	787	32,935	(3,840)	445,260	14,605	787,695
Fair value gains on available-for-sale financial assets	-	-	-	-	(319)	-	-	4	(315)
Currency translation differences	-	-	-	17	(4)	(1,726)	-	(97)	(1,810)
Net expenses recognised directly in equity	-	-	-	17	(323)	(1,726)	-	(93)	(2,125)
Net profit for the second quarter	-	-	-	-	-	-	48,384	433	48,817
Total recognised gain for the second quarter	-	-	-	17	(323)	(1,726)	48,384	340	46,692
Fair value gains transferred to profit & loss on realisation	-	-	-	-	(15,937)	-	-	-	(15,937)
Final Dividend for 2005 paid	-	-	-	-	-	-	(46,381)	-	(46,381)
Transfer from Retained Earnings to Statutory Reserves	-	-	-	60	-	-	(42)	(18)	-
Acquisition of additional interest in a subsidiary	-	-	-	-	-	(4)	-	(1,271)	(1,275)
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 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 30 June 2006	72,471	154,206	71,271	864	16,675	(5,570)	447,221	13,284	770,422
Fair value gains on available-for-sale financial assets	-	-	-	-	4,534	-	-	1	4,535
Currency translation differences	-	-	-	12	13	795	-	231	1,051
Net expenses recognised directly in equity	-	-	-	12	4,547	795	-	232	5,586
Net profit for the third quarter	-	-	-	-	-	-	22,092	345	22,437
Total recognised gain for the third quarter	-	-	-	12	4,547	795	22,092	577	28,023
Fair value gains transferred to profit & loss on realization	-	-	-	-	-	-	-	-	-
Interim Dividend for 2006 paid	-	-	-	-	-	-	(11,596)	-	(11,596)
Transfer from Retained Earnings to Statutory Reserves	-	-	-	73	-	-	(71)	(2)	-
Acquisition of additional interest in a subsidiary	-	-	-	-	-	(3)	-	(52)	(55)
Payment of Dividends by a subsidiary	-	-	-	-	-	-	-	-	-
Balance at 30 September 2006	72,471	154,206	71,271	949	21,222	(4,778)	457,646	13,807	786,794

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 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	-	18,789	-	32,859
- As restated	72,471	202,332	53,898	-	14,070	(4,201)	351,073	3,237	692,880
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 first quarter	-	-	-	-	-	-	14,107	(18)	14,089
Total recognised gain for the first 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)	365,180	574	708,085
Fair value gains on available-for-sale financial assets	-	-	-	-	101	-	-	-	101
Currency translation differences	-	-	-	-	-	314	-	(4)	310
Net income recognised directly in equity	-	-	-	-	101	314	-	(4)	411
Net profit for the second quarter	-	-	-	-	-	-	19,873	23	19,896
Total recognised gain for the second quarter	-	-	-	-	101	314	19,873	19	20,307
Final Dividend for 2004 paid	-	-	-	-	-	-	(40,584)	-	(40,584)
Transfer from Retained Earnings to Statutory Reserves	-	-	-	655	-	-	(655)	-	-
Balance at 30 June 2005	72,471	202,332	53,898	655	17,246	(3,201)	343,814	593	687,808

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 30 June 2005	72,471	202,332	53,898	655	17,246	(3,201)	343,814	593	687,808
Fair value gains on available-for-sale financial assets	-	-	-	-	4,112	-	-	-	4,112
Currency translation differences	-	-	-	-	-	598	-	(30)	568
Net income recognised directly in equity	-	-	-	-	4,112	598	-	(30)	4,680
Net profit for the third quarter	-	-	-	-	-	-	24,805	27	24,832
Total recognised gain for the third quarter	-	-	-	-	4,112	598	24,805	(3)	29,512
Interim Dividend for 2005 paid	-	-	-	-	-	-	(2,899)	-	(2,899)
Transfer from Retained Earnings to Statutory Reserves	-	-	-	126	-	-	(126)	-	-
Balance at 30 September 2005	72,471	202,332	53,898	781	21,358	(2,603)	365,594	590	714,421

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 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
Net profit for the third quarter	-	-	5,530	5,530
Interim Dividend for 2006 paid	-	-	(11,596)	(11,596)
Balance at 30 September 2006	72,471	154,206	128,968	355,645

- 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)*

	Share capital S\$'000	Capital Reserve S\$'000	Retained earnings S\$'000	Total S\$'000
Balance at 1 January 2005	72,471	202,332	155,123	429,926
Net profit for the first quarter	-	-	442	442
Balance at 31 March 2005	72,471	202,332	155,565	430,368
Net profit for the second quarter	-	-	723	723
Final Dividend for 2004 paid	-	-	(40,584)	(40,584)
Balance at 30 June 2005	72,471	202,332	115,704	390,507
Net profit for the third quarter	-	-	53,586	53,586
Interim Dividend for 2005 paid	-	-	(2,899)	(2,899)
Balance at 30 September 2005	72,471	202,332	166,391	441,194

- 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 September 2006 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 2005 except as stated in item 5 below.

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.

Changes in accounting policies

In 2006, the Group and the Company adopted the Financial Reporting Standard 39 (Amendment) Financial Guarantee Contracts.

The adoption of the above FRS did not result in any substantial changes to the Company's accounting policies except as disclosed below:

I Effects on changes to the financial statements

Previously, financial guarantees issued by the Company to banks in relation to borrowings by subsidiaries are accounted for as contingent liabilities of the Company and are not recognised in the financial statements until the Company has incurred an obligation to make payment under the guarantees.

The revised FRS 39 has been applied retrospectively and does not result in material adjustment to the balance sheet of the Company at 31 December 2005 and 1 January 2006. There is no material impact to the Company's profit and loss statement for the period ended 30 September 2006 and balance sheet at 30 September 2006.

II Description of changes

The Company has issued corporate guarantees to bank for bank borrowings of its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

FRS 39 (Amendment) requires financial guarantee contracts to be recorded at the expected amount payable to the bank.

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 30/09/2006	3 months ended 30/09/2005
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	3.05 cents	3.42 cents
(ii) On a fully diluted basis	3.05 cents	3.42 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 30/09/2006	As at 31/12/2005	As at 30/09/2006	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	106.66 cents	101.10 cents	49.07 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 Group made a profit after taxation of S\$22.4million for the 3rd quarter 2006. For the nine months ended 30 September 2006, the Group made a profit after taxation of \$104.4million compared to \$58.8million in the corresponding period.

Although revenue was affected by the reduction in commission income as a result of the decrease in Singapore market volume, it was compensated by the increase in interest income from margin activities and increase in arrangement fee income.

The decrease in total costs and expenses over the corresponding quarter is in line with the decrease in revenue. The substantial increase of 159.2% in finance expenses over the corresponding quarter is due mainly to the increase in funding requirement for IPO financing in Hong Kong and Group margin debtor balances.

Balance Sheet- The Group

The increases in outstanding contracts receivable and payable can be attributed to the significantly higher trading volume towards the end of 3rd quarter 2006. The higher trade receivables balances as at 30 September 2006 were due to increases in trading volume towards the end of 3rd quarter 2006 and the margin financing portfolio balances. The decrease in investment in associated companies from \$29.7million as at 31 December 2005 to \$14.1million as at 30 September 2006 was due to receipt of dividend from an associated company and redemption of preference shares in the associated company during the nine months ended 30 September 2006.

Balance Sheet- The Company

The increase in investment in subsidiaries and associated companies resulted from the transferring of the holding of the Group's investment in certain subsidiaries and associated companies from an investment holding subsidiary to the Company. As the transfer of the subsidiaries and associated companies 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.**

The stock markets in the region have done well recently on the back of strong economic fundamentals, declining oil prices and reduced political uncertainty in Thailand following the change in regime. The positive sentiment in the US with the Dow Jones hitting above the 12,000 mark also has a favourable impact on the markets in this region. We are optimistic that these positive developments will continue to have an impact on the stockbroking business in the fourth quarter.

- 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

11 Dividend (continued)

(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 30 September 2006.

BY ORDER OF THE BOARD

Wee Ee-chao
Managing Director
13 November 2006