

UOB KayHian

UOB-KAY HIAN HOLDINGS LIMITED

Financial Statements

And Dividend Announcement

For First Quarter Ended 31 March 2010

(Co. Ref. No. 200004464C)

These figures have not been audited.

1(a) A comprehensive income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

COMPREHENSIVE INCOME STATEMENT

	The Group		
	3 months ended 31/03/2010	3 months ended 31/03/2009	Increase / (Decrease) %
	S\$'000	S\$'000	
Revenue			
Commission income	86,357	45,760	88.7
Interest income	13,553	8,305	63.2
Dividend from quoted / unquoted securities	153	153	0
Other operating revenue	3,506	746	370.0
Total revenue	103,569	54,964	88.4
Foreign exchange gain	1,885	2,302	(18.1)
Realised gain on financial assets, available-for-sale	462	-	N.M.
Total income	105,916	57,266	85.0
Costs and expenses			
Commission expenses	(22,157)	(11,392)	94.5
Personnel expenses	(28,971)	(18,477)	56.8
Depreciation and amortisation expenses	(2,293)	(606)	278.4
(Allowance for) / write back of impairment of trade debtors & bad debts written off	(20)	131	(115.3)
Net fair value gain on financial assets/liabilities through profit or loss	548	301	82.1
Finance expenses	(1,570)	(950)	65.3
Other operating expenses	(12,129)	(16,296)	(25.6)
	(66,592)	(47,289)	40.8
Profit before tax	39,324	9,977	294.1
Income tax expense*	(6,412)	(1,594)	302.3
Profit after tax	32,912	8,383	292.6
Other comprehensive income / (expense) (net of tax):			
Foreign currency translation difference	1,762	15,773	(88.8)
Available-for-sale financial assets	(909)	164	(654.3)
	853	15,937	(94.6)
Total comprehensive income for the period	33,765	24,320	38.8

*Overprovision of taxation in respect of prior years in the 3 months ended 31 March 2010 is \$4,152. (3 months ended 31 March 2009: \$6,885)

N.M. = Not Meaningful.

- 1(a) A comprehensive income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year *(continued)*

COMPREHENSIVE INCOME STATEMENT
(continued)

	The Group		
	3 months ended 31/03/2010 S\$'000	3 months ended 31/03/2009 S\$'000	Increase / (Decrease) %
Profit attributable to :			
Owners of the Company	32,767	8,446	288.0
Minority interests	145	(63)	(330.2)
	32,912	8,383	292.6
 Total comprehensive income attributable to:			
Owners of the Company	33,195	23,944	38.6
Minority interests	570	376	51.6
	33,765	24,320	38.8

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 31/03/2010 S\$'000	As at 31/12/2009 S\$'000	As at 31/03/2010 S\$'000	As at 31/12/2009 S\$'000
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	173,220	180,778	208	120
Outstanding contracts receivable	1,195,394	1,063,052	-	-
Trade receivables	1,213,573	1,155,395	-	-
Financial assets at fair value through profit or loss	25,908	26,234	-	-
Other current assets	22,744	17,191	84,001	83,350
Derivative financial instruments	4	8	-	-
	<u>2,630,843</u>	<u>2,442,658</u>	<u>84,209</u>	<u>83,470</u>
<u>Non-current assets</u>				
Investments				
- in subsidiaries	-	-	235,845	235,845
- in associates	45	97	-	-
Financial assets, available-for-sale	16,355	17,967	-	-
Trading rights in Exchanges	103	103	-	-
Memberships in Exchanges	240	234	-	-
Property, plant and equipment	76,325	76,738	-	-
Deferred income tax assets	229	226	-	-
Other non-current trade receivables	23,327	-	-	-
	<u>116,624</u>	<u>95,365</u>	<u>235,845</u>	<u>235,845</u>
Total assets	<u>2,747,467</u>	<u>2,538,023</u>	<u>320,054</u>	<u>319,315</u>
LIABILITIES AND EQUITY				
<u>Current liabilities</u>				
Outstanding contracts payable	1,130,347	944,002	-	-
Trade and other payables	109,098	121,465	90,079	89,314
Financial liabilities at fair value through profit or loss	-	6	-	-
Borrowings	415,739	424,808	-	-
Current income tax liabilities	26,258	19,822	-	-
Derivative financial instruments	25	8	-	-
	<u>1,681,467</u>	<u>1,510,111</u>	<u>90,079</u>	<u>89,314</u>
<u>Non-current liability</u>				
Deferred income tax liabilities	1,082	1,076	-	-
Total liabilities	<u>1,682,549</u>	<u>1,511,187</u>	<u>90,079</u>	<u>89,314</u>
<u>Equity</u>				
Share capital	72,471	72,471	72,471	72,471
Reserves	(11,527)	(11,854)	-	-
Retained earnings	984,165	953,124	157,504	157,530
	<u>1,045,109</u>	<u>1,013,741</u>	<u>229,975</u>	<u>230,001</u>
Minority interests	19,809	13,095	-	-
Total Equity	<u>1,064,918</u>	<u>1,026,836</u>	<u>229,975</u>	<u>230,001</u>
Total liabilities and equity	<u>2,747,467</u>	<u>2,538,023</u>	<u>320,054</u>	<u>319,315</u>
<u>Clients' trust / segregated accounts</u>				
Bank balances				
- with affiliated corporations	182,294	179,660	-	-
- with non-related banks	521,637	555,113	-	-
Margin with clearing houses	15,135	6,141	-	-
Less: Amounts held in trust	(719,066)	(740,914)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	The Group			
	As at 31/03/2010		As at 31/12/2009	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amounts repayable in one year or less, or on demand	248,741	166,998	317,557	107,251
Amounts repayable after one year	-	-	-	-

Details of any collateral

Bank overdrafts and short term loans of subsidiaries amounting to S\$248,740,967 are secured by a fixed charge over immovable fixed assets and a floating charge over all assets.

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 31/03/2010	3 months ended 31/03/2009
	S\$'000	S\$'000
Operating activities		
Profit before tax	39,324	9,977
Adjustments for:		
Depreciation and amortisation expenses	2,293	606
Loss on disposal of property, plant and equipment	79	-
Realised gain on sale of financial assets, available-for-sale	(462)	-
Dilution of interest in a subsidiary	4,435	-
Dividend income from quoted / unquoted securities	(153)	(153)
Finance expenses	1,570	950
Exchange differences	1,733	15,570
Operating cash flow before working capital changes	48,819	26,950
Changes in operating assets and liabilities:		
Financial assets / liabilities at fair value through profit or loss	320	(33,600)
Trade, outstanding contracts and other receivables	(219,396)	(219,982)
Trade, outstanding contracts and other payables	173,995	231,698
Cash generated from operations	3,738	5,066
Interest paid	(1,570)	(950)
Income tax paid	(19)	(1,959)
Net cash provided by operating activities	2,149	2,157
Investing activities		
Payments for property, plant and equipment	(1,888)	(5,520)
Payment for financial assets, available-for-sale	-	(89)
Proceeds from disposal of financial assets, available -for-sale	1,167	-
Proceeds from disposal of property, plant and equipment	4	-
Proceeds from capital repayment in associates	56	-
Payment to minority interest for additional interest in a subsidiary	(130)	-
Dividends received from quoted / unquoted securities	153	153
Net cash used in investing activities	(638)	(5,456)
Financing activities		
Repayment of short-term bank loans	(12,176)	(204,816)
Net cash used in financing activities	(12,176)	(204,816)

- 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)*

	The Group	
	3 months ended 31/03/2010	3 months ended 31/03/2009
	S\$'000	S\$'000
Net decrease in cash and cash equivalents during the financial period	(10,665)	(208,115)
Cash and cash equivalents at beginning of the financial period	167,430	708,724
Cash and cash equivalents at end of the financial period	156,765	500,609

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

	The Group	
	As at 31/03/2010	As at 31/03/2009
	S\$'000	S\$'000
Cash and bank balances	173,220	507,279
Less: Bank overdrafts	(16,455)	(6,670)
Cash and cash equivalents per consolidated cash flow statement	156,765	500,609

- 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	Statutory reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total attributable to members of the company	Minority interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2010	72,471	1,404	8,531	(21,789)	953,124	1,013,741	13,095	1,026,836
Total comprehensive income for the first quarter	-	34	(898)	1,292	32,767	33,195	570	33,765
Dilution of interest in a subsidiary	-	(113)	-	-	(1,726)	(1,839)	6,274	4,435
Acquisition of additional interest in a subsidiary	-	5	-	7	-	12	(130)	(118)
Balance at 31 March 2010	72,471	1,330	7,633	(20,490)	984,165	1,045,109	19,809	1,064,918

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	Statutory reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total attributable to members of the company	Minority interests	Total Equity
	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000
Balance at 1 January 2009	72,471	1,351	7,990	(18,015)	893,091	956,888	13,435	970,323
Total comprehensive income for first income	-	45	172	15,281	8,446	23,944	376	24,320
Balance at 31 March 2009	72,471	1,396	8,162	(2,734)	901,537	980,832	13,811	994,643

STATEMENT OF CHANGES IN EQUITY – THE COMPANY

	Share capital	Retained earnings	Total
	SS'000	SS'000	SS'000
Balance at 1 January 2010	72,471	157,530	230,001
Total comprehensive loss for first quarter	-	(26)	(26)
Balance at 31 March 2010	72,471	157,504	229,975

	Share Capital	Retained earnings	Total
	SS'000	SS'000	SS'000
Balance at 1 January 2009	72,471	147,057	219,528
Total comprehensive income for first quarter	-	11	11
Balance at 31 March 2009	72,471	147,068	219,539

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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, 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(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding financial year.

	31 March 2010	31 December 2009
No. of shares	724,709,009	724,709,009

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and / or use of treasury shares as at the end of the current financial period reported on.

Not applicable

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 31 March 2010 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 2009.

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 31/03/10	3 months ended 31/03/09
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	4.52 cents	1.17 cents
(ii) On a fully diluted basis	4.52 cents	1.17 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 31/03/2010	As at 31/12/2009	As at 31/03/2010	As at 31/12/2009
	Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on	144.21 cents	139.88 cents	31.73 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 a pre-tax profit of \$39.3 million this quarter, an increase of 294% over the same period last year. Improved market sentiment leading to rising trading volumes in regional markets and the higher number of corporate finance deals have contributed to the substantial improvement in the Group's earnings.

The Group recorded revenue of \$105.9 million (2009: \$57.3 million) of which commission income contributed \$86.4 million (2009: \$45.8 million), a significant increase from first quarter 2009. Interest and other operating income have also increased as clients took up more margin loans in view of improving market conditions.

Commission payable and performance related personnel expenses increased commensurately with higher commission and other operating income. Finance expenses increased in line with higher working capital requirements. Depreciation expenses increased with our move to the new Corporate Headquarters. Rental expenses reduced quarter on quarter.

Balance Sheet

The Group's financial health remains strong with net asset value of S\$1.06 billion as at 31 March 2010. There were no significant changes in the composition of Group balance sheet items.

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 European debt crisis will continue to impinge on future global economic growth. We expect global markets to remain volatile and our future earnings may fluctuate accordingly.

11 Dividend

(a) Current Financial Period Reported On

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

(b) Corresponding Period 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 2010

BY ORDER OF THE BOARD

Wee Ee-chao
Managing Director
14 May 2010