



**UOB-KAY HIAN HOLDINGS LIMITED**

Financial Statements

And Dividend Announcement

For Second Quarter Ended 30 June 2010

(Co. Ref. No. 200004464C)

These figures have not been audited.

1(a)(i) 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					
	6 months ended 30/06/2010 S\$'000	6 months ended 30/06/2009 S\$'000	Increase / (Decrease) %	3 months ended 30/06/2010 S\$'000	3 months ended 30/06/2009 S\$'000	Increase / (Decrease) %
<b>Revenue</b>						
Commission income	166,854	149,824	11.4	80,497	104,064	(22.6)
Interest income	27,506	16,357	68.2	13,953	8,052	73.3
Dividend from quoted / unquoted securities	269	280	(3.9)	116	127	(8.7)
Other operating revenue	7,980	2,501	219.1	4,474	1,755	154.9
Total revenue	202,609	168,962	19.9	99,040	113,998	(13.1)
Foreign exchange gain	3,854	2,906	32.6	1,969	604	226.0
Realised gain on financial assets, available-for-sale	462	-	N.M.	-	-	N.M.
<b>Total income</b>	<b>206,925</b>	<b>171,868</b>	20.4	<b>101,009</b>	<b>114,602</b>	(11.9)
<b>Costs and expenses</b>						
Commission expenses	(44,101)	(41,989)	5.0	(21,944)	(30,597)	(28.3)
Personnel expenses	(54,740)	(42,531)	28.7	(25,769)	(24,054)	7.1
Depreciation and amortisation expenses	(4,703)	(1,241)	279.0	(2,410)	(635)	279.5
Allowance for impairment of trade debtors & bad debts written off	(250)	(2,627)	(90.5)	(230)	(2,758)	(91.7)
Allowance for impairment in financial assets, available-for-sale	-	(1,447)	N.M.	-	(1,447)	N.M.
Net fair value (loss) / gain on financial assets / liabilities through profit or loss	(535)	2,617	(120.4)	(1,083)	2,316	(146.8)
Finance expenses	(3,169)	(1,799)	76.2	(1,599)	(849)	88.3
Other operating expenses	(24,149)	(33,864)	(28.7)	(12,020)	(17,568)	(31.6)
	<b>(131,647)</b>	<b>(122,881)</b>	7.1	<b>(65,055)</b>	<b>(75,592)</b>	(13.9)
<b>Profit before tax</b>	<b>75,278</b>	<b>48,987</b>	53.7	<b>35,954</b>	<b>39,010</b>	(7.8)
Income tax expense*	(12,579)	(8,147)	54.4	(6,167)	(6,553)	(5.9)
<b>Profit after tax</b>	<b>62,699</b>	<b>40,840</b>	53.5	<b>29,787</b>	<b>32,457</b>	(8.2)
<b>Other comprehensive income (net of tax):</b>						
Foreign currency translation difference	815	4,203	(80.6)	(947)	(11,570)	(91.8)
Available-for-sale financial assets	(1,685)	4,277	(139.4)	(776)	4,113	(118.9)
	<b>(870)</b>	<b>8,480</b>	(110.3)	<b>(1,723)</b>	<b>(7,457)</b>	(76.9)
<b>Total comprehensive income for the period</b>	<b>61,829</b>	<b>49,320</b>	25.4	<b>28,064</b>	<b>25,000</b>	12.3

\*Under / (Over) provision of taxation in respect of prior years in the 6 months ended 30 June 2010 is \$151,774. (6 months ended 30 June 2009: (\$23,175))

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					
	6 months ended 30/06/2010	6 months ended 30/06/2009	Increase / (Decrease) %	3 months ended 30/06/2010	3 months ended 30/06/2009	Increase / (Decrease) %
	S\$'000	S\$'000		S\$'000	S\$'000	
<b>Profit attributable to :</b>						
Owners of the Company	62,445	40,639	53.7	29,678	32,193	(7.8)
Minority interests	254	201	26.4	109	264	(58.7)
	<b>62,699</b>	<b>40,840</b>	53.5	<b>29,787</b>	<b>32,457</b>	(8.2)
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	61,196	48,767	25.5	28,001	24,823	12.8
Minority interests	633	553	14.5	63	177	(64.4)
	<b>61,829</b>	<b>49,320</b>	25.4	<b>28,064</b>	<b>25,000</b>	12.3

**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 30/6/2010 S\$'000	As at 31/12/2009 S\$'000	As at 30/6/2010 S\$'000	As at 31/12/2009 S\$'000
<b>ASSETS</b>				
<b><u>Current assets</u></b>				
Cash and cash equivalents	241,545	180,778	185	120
Outstanding contracts receivable	1,021,810	1,063,052	-	-
Trade receivables	1,197,078	1,155,395	-	-
Financial assets at fair value through profit or loss	28,371	26,234	-	-
Other current assets	23,419	17,191	77,793	83,350
Derivative financial instruments	36	8	-	-
	<b>2,512,259</b>	<b>2,442,658</b>	<b>77,978</b>	<b>83,470</b>
<b><u>Non-current assets</u></b>				
Investments				
- in subsidiaries	-	-	235,845	235,845
- in associates	81	97	-	-
Financial assets, available-for-sale	15,507	17,967	-	-
Trading rights in Exchanges	102	103	-	-
Memberships in Exchanges	240	234	-	-
Property, plant and equipment	74,502	76,738	-	-
Deferred income tax assets	238	226	-	-
Other non-current trade receivables	16,562	-	-	-
	<b>107,232</b>	<b>95,365</b>	<b>235,845</b>	<b>235,845</b>
<b>Total assets</b>	<b>2,619,491</b>	<b>2,538,023</b>	<b>313,823</b>	<b>319,315</b>
<b>LIABILITIES AND EQUITY</b>				
<b><u>Current liabilities</u></b>				
Outstanding contracts payable	959,315	944,002	-	-
Trade and other payables	99,713	121,465	137,808	89,314
Financial liabilities at fair value through profit or loss	4	6	-	-
Borrowings	497,814	424,808	-	-
Current income tax liabilities	23,252	19,822	-	-
Derivative financial instruments	25	8	-	-
	<b>1,580,123</b>	<b>1,510,111</b>	<b>137,808</b>	<b>89,314</b>
<b><u>Non-current liability</u></b>				
Deferred income tax liabilities	1,027	1,076	-	-
<b>Total liabilities</b>	<b>1,581,150</b>	<b>1,511,187</b>	<b>137,808</b>	<b>89,314</b>
<b><u>Equity</u></b>				
Share capital	72,471	72,471	72,471	72,471
Reserves	(13,204)	(11,854)	-	-
Retained earnings	959,490	953,124	103,544	157,530
	<b>1,018,757</b>	<b>1,013,741</b>	<b>176,015</b>	<b>230,001</b>
Minority interests	19,584	13,095	-	-
<b>Total Equity</b>	<b>1,038,341</b>	<b>1,026,836</b>	<b>176,015</b>	<b>230,001</b>
<b>Total liabilities and equity</b>	<b>2,619,491</b>	<b>2,538,023</b>	<b>313,823</b>	<b>319,315</b>
<b><u>Clients' trust / segregated accounts</u></b>				
Bank balances				
- with affiliated corporations	217,475	179,660	-	-
- with non-related banks	527,532	555,113	-	-
Margin with clearing houses	14,610	6,141	-	-
Less: Amounts held in trust	(759,617)	(740,914)	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

	The Group			
	As at 30/06/2010		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	350,138	147,676	317,557	107,251
Amounts repayable after one year	-	-	-	-

**Details of any collateral**

Details of secured group borrowings are as follows:

- Bank overdrafts and short term loans of subsidiaries amounting to S\$350,138,062 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			
	6 months ended 30/06/2010 S\$'000	6 months ended 30/06/2009 S\$'000	3 months ended 30/06/2010 S\$'000	3 months ended 30/06/2009 S\$'000
	<b>Operating activities</b>			
Profit before tax	75,278	48,987	35,954	39,010
Adjustments for:				
Depreciation and amortisation expenses	4,703	1,241	2,410	635
Loss on disposal of property, plant and equipment	80	-	1	-
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	(269)	(280)	(116)	(127)
Allowance for impairment in financial assets, available-for-sale	-	1,447	-	1,447
Finance expenses	3,169	1,799	1,599	849
Exchange differences	769	4,089	(964)	(11,481)
Operating cash flow before working capital changes	87,703	57,283	38,884	30,333
Changes in operating assets and liabilities:				
Financial assets / liabilities at fair value through profit or loss	(2,139)	(23,571)	(2,459)	10,029
Trade, outstanding contracts and other receivables	(23,259)	(688,054)	196,137	(468,072)
Trade, outstanding contracts and other payables	(6,422)	255,470	(180,417)	23,772
Cash generated from / (used in) operations	55,883	(398,872)	52,145	(403,938)
Interest paid	(3,169)	(1,799)	(1,599)	(849)
Income tax paid	(9,199)	(7,144)	(9,180)	(5,185)
<b>Net cash provided by / (used in) operating activities</b>	43,515	(407,815)	41,366	(409,972)
<b>Investing activities</b>				
Payments for property, plant and equipment	(2,481)	(13,708)	(593)	(8,188)
Proceeds from disposal of financial assets, available-for-sale	1,167	-	-	-
Proceeds from disposal of property, plant and equipment	5	-	1	-
Proceeds from capital repayment in associates	57	-	1	-
Payment for financial assets, available -for-sale	-	(89)	-	-
Payment to minority interest for additional interest in a subsidiary	(170)	-	(40)	-
Payment to minority interest for dividend	(248)	(153)	(248)	(153)
Dividends received from quoted / unquoted securities	269	280	116	127
<b>Net cash used in investing activities</b>	(1,401)	(13,670)	(763)	(8,214)
<b>Financing activities</b>				
Drawdown / (Repayment) of short-term bank loans	71,956	(14,483)	84,132	190,333
Dividends paid	(54,353)	(50,730)	(54,353)	(50,730)
<b>Net cash from / (used in) financing activities</b>	17,603	(65,213)	29,779	139,603

- 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			
	6 months ended	6 months ended	3 months ended	3 months ended
	30/06/2010	30/06/2009	30/06/2010	30/06/2009
	S\$'000	S\$'000	S\$'000	S\$'000
Net increase / (decrease) in cash and cash equivalents during the financial period	59,717	(486,698)	70,382	(278,583)
Cash and cash equivalents at beginning of the financial period	167,430	708,724	156,765	500,609
<b>Cash and cash equivalents at end of the financial period</b>	<b>227,147</b>	<b>222,026</b>	<b>227,147</b>	<b>222,026</b>

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

	The Group	
	As at	As at
	30/06/2010	30/06/2009
	S\$'000	S\$'000
Cash and bank balances	241,545	231,729
Less: Bank overdrafts	(14,398)	(9,703)
<b>Cash and cash equivalents per consolidated cash flow statement</b>	<b>227,147</b>	<b>222,026</b>

- 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
<b>Balance at 1 January 2010</b>	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)
<b>Balance at 31 March 2010</b>	<b>72,471</b>	<b>1,330</b>	<b>7,633</b>	<b>(20,490)</b>	<b>984,165</b>	<b>1,045,109</b>	<b>19,809</b>	<b>1,064,918</b>
Total comprehensive income for the second quarter	-	-	(792)	(885)	29,678	28,001	63	28,064
Final dividend for 2009 paid	-	-	-	-	(54,353)	(54,353)	-	(54,353)
Payment of dividends by a subsidiary	-	-	-	-	-	-	(248)	(248)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	(40)	(40)
<b>Balance at 30 June 2010</b>	<b>72,471</b>	<b>1,330</b>	<b>6,841</b>	<b>(21,375)</b>	<b>959,490</b>	<b>1,018,757</b>	<b>19,584</b>	<b>1,038,341</b>

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	Statutory reserve S\$'000	Fair value reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total attributable to members of the company	Minority interests S\$'000	Total Equity S\$'000
<b>Balance at 1 January 2009</b>	72,471	1,351	7,990	(18,015)	893,091	956,888	13,435	970,323
Total comprehensive income for first quarter	-	45	172	15,281	8,446	23,944	376	24,320
<b>Balance at 31 March 2009</b>	<b>72,471</b>	<b>1,396</b>	<b>8,162</b>	<b>(2,734)</b>	<b>901,537</b>	<b>980,832</b>	<b>13,811</b>	<b>994,643</b>
Final dividend for 2008 paid	-	-	-	-	(50,730)	(50,730)	-	(50,730)
Payment of dividends by a subsidiary	-	-	-	-	-	-	(153)	(153)
Total comprehensive income for second quarter	-	(10)	4,102	(11,462)	32,193	24,823	177	25,000
<b>Balance at 30 June 2009</b>	<b>72,471</b>	<b>1,386</b>	<b>12,264</b>	<b>(14,196)</b>	<b>883,000</b>	<b>954,925</b>	<b>13,835</b>	<b>968,760</b>

**STATEMENT OF CHANGES IN EQUITY – THE COMPANY**

	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
<b>Balance at 1 January 2010</b>	72,471	157,530	230,001
Total comprehensive loss for first quarter	-	(26)	(26)
<b>Balance at 31 March 2010</b>	<b>72,471</b>	<b>157,504</b>	<b>229,975</b>
Total comprehensive income for second quarter	-	393	393
Final dividend for 2009 paid	-	(54,353)	(54,353)
<b>Balance at 30 June 2010</b>	<b>72,471</b>	<b>103,544</b>	<b>176,015</b>

**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	Retained earnings S\$'000	Total S\$'000
<b>Balance at 1 January 2009</b>	72,471	147,057	219,528
Total comprehensive income for first quarter	-	11	11
<b>Balance at 31 March 2009</b>	<b>72,471</b>	<b>147,068</b>	<b>219,539</b>
Final dividend for 2008 paid	-	(50,730)	(50,730)
Total comprehensive income for second quarter	-	443	443
<b>Balance at 30 June 2009</b>	<b>72,471</b>	<b>96,781</b>	<b>169,252</b>

**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.**

	30 June 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 30 June 2010 to be false or misleading in any material aspect.

By order 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 auditing standard or practice (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 financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	The Group			
	6 months ended 30/6/2010	6 months ended 30/06/2009	3 months ended 30/06/2010	3 months ended 30/06/2009
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	8.62 cents	5.61 cents	4.10 cents	4.44 cents
(ii) On a fully diluted basis	8.62 cents	5.61 cents	4.10 cents	4.44 cents

- 7 **Net asset value (for the issuer and group) per ordinary share based on total number of issued shares excluding treasury shares 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 30/6/2010	As at 31/12/2009	As at 30/6/2010	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	140.57 cents	139.88 cents	24.29 cents	31.74 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**

##### **2Q10 vs 2Q09**

The Group recorded pre-tax profit of S\$35.9 million and after tax profit of S\$29.8 million in 2<sup>nd</sup> quarter 2010, a decrease of 7.8% and 8.2% respectively over the corresponding quarter in 2009.

Trading volumes had generally declined in all regional markets, with 2nd quarter 2010 sentiments weighed down by the EU debt crisis and policy tightening in China. Commission income decreased from S\$104.1 million in 2nd quarter 2009 to S\$80.5 million in 2nd quarter 2010, reflecting a decline of 22.6%. Interest and other operating income grew strongly by 73.3% and 154.9% respectively quarter on quarter with expansion of our margin financing and placement activities.

Total costs and expenses have declined 13.9% with lower revenue. Commission expenses decreased 28.3% quarter on quarter, in line with the decline in commission income. The increase in finance expenses was due to higher working capital requirements.

##### **1H10 vs 1H09**

The Group recorded profit before tax of S\$75.3 million and profit after tax of S\$62.7 million in first half 2010, an increase of 53.7% and 53.5% respectively over the first half of 2009.

Given a strong first quarter this year compared to a very weak corresponding period in 2009, commission income increased from S\$149.8 million to S\$166.9 million for the 6 months ended 30 June 2010, an increase of 11.4%. Interest and other operating income also increased significantly by 68.2% and 219.1% respectively due to expansion of our margin financing and placement activities.

Total costs and expenses increased 7.1% whereas total revenue increased by 19.9% due to cost efficiencies.

#### **Balance Sheet**

The Group maintained a healthy net asset value of S\$1.04 billion as at 30 June 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.**

Asian stock markets are highly correlated to the performance of their US and European counterparts. With the uncertain economic outlook in US and Europe, 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?*

*Yes*

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per	0.5 cent per ordinary share
Tax Rate	Tax exempt (one-tier)

**(b) Corresponding Period of the Immediately Preceding Financial Year**

*Any dividend declared for the corresponding period (quarter) of the immediately preceding financial year?*

*Yes*

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per	0.5 cent per ordinary share
Tax Rate	Tax exempt (one-tier)

**(c) Date payable**

The interim dividend will be paid on 13 September 2010

**(d) Books closure date**

Notice is hereby given that the Transfer Books and Register of Members of the Company will be closed on 26 August 2010 for the preparation of Dividend Warrants. Registrable transfers received by the Company's Registrar, B.A.C.S. Private Limited of 63 Cantonment Road, Singapore 089758 no later than 5.00pm on 25 August 2010, will be registered before entitlements to the dividends are determined.

**12 If no dividend has been declared/recommended, a statement to that effect.**

Not applicable

**BY ORDER OF THE BOARD**

**Wee Ee-chao**  
**Managing Director**  
**11 August 2010**