

# UOB KayHian

**UOB-KAY HIAN HOLDINGS LIMITED**

Financial Statements

And Dividend Announcement

For First Quarter Ended 31 March 2011

(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 31/03/2011 S\$'000	3 months ended 31/03/2010 S\$'000	Increase / (Decrease) %
<b>Revenue</b>			
Commission income	85,599	86,357	(0.9)
Interest income	18,332	13,553	35.3
Dividend from quoted / unquoted securities	330	153	115.7
Other operating revenue	3,184	3,506	(9.2)
Total revenue	107,445	103,569	3.7
Foreign exchange gain	1,246	1,885	(33.9)
Realised gain on financial assets, available-for-sale	-	462	N.M.
<b>Total income</b>	<b>108,691</b>	<b>105,916</b>	2.6
<b>Costs and expenses</b>			
Commission expenses	(21,625)	(22,157)	(2.4)
Personnel expenses	(30,201)	(28,971)	4.2
Depreciation and amortisation expenses	(2,337)	(2,293)	1.9
Allowance for impairment of trade debtors & bad debts written off	(54)	(20)	170.0
Net fair value gain on financial assets / liabilities through profit or loss	7	548	(98.7)
Finance expenses	(3,599)	(1,570)	129.2
Other operating expenses	(12,836)	(12,129)	5.8
	<b>(70,645)</b>	<b>(66,592)</b>	6.1
<b>Profit before tax</b>	<b>38,046</b>	<b>39,324</b>	(3.2)
Income tax expense*	(6,576)	(6,412)	2.6
<b>Profit after tax</b>	<b>31,470</b>	<b>32,912</b>	(4.4)
<b>Other comprehensive (expense) / income (net of tax):</b>			
Foreign currency translation difference	(7,868)	1,762	(546.5)
Available-for-sale financial assets	(218)	(909)	(76.0)
	<b>(8,086)</b>	<b>853</b>	(1,047.9)
<b>Total comprehensive income for the period</b>	<b>23,384</b>	<b>33,765</b>	(30.7)

\*Overprovision of taxation in respect of prior years in the 3 months ended 31 March 2011 is \$10,020. (3 months ended 31 March 2010: \$4,152)

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 31/03/2011 S\$'000	3 months ended 31/03/2010 S\$'000	Increase / (Decrease) %
<b>Profit attributable to :</b>			
Owners of the Company	31,076	32,767	(5.2)
Non-controlling interests	394	145	171.7
	<b>31,470</b>	<b>32,912</b>	(4.4)
 <b>Total comprehensive income attributable to:</b>			
Owners of the Company	23,499	33,195	(29.2)
Non-controlling interests	(115)	570	(120.2)
	<b>23,384</b>	<b>33,765</b>	(30.7)

**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 31/03/2011 S\$'000	As at 31/12/2010 S\$'000	As at 31/03/2011 S\$'000	As at 31/12/2010 S\$'000
<b>ASSETS</b>				
<b><u>Current assets</u></b>				
Cash and cash equivalents	208,987	285,835	100	113
Outstanding contracts receivable	1,105,821	876,079	-	-
Trade receivables	1,634,263	1,701,931	-	-
Financial assets at fair value through profit or loss	28,079	28,189	-	-
Other current assets	21,747	21,646	63,415	115,062
Derivative financial instruments	6	187	-	-
	<b>2,998,903</b>	<b>2,913,867</b>	<b>63,515</b>	<b>115,175</b>
<b><u>Non-current assets</u></b>				
Investments				
- in subsidiaries	-	-	235,845	235,845
Financial assets, available-for-sale	8,860	9,084	-	-
Trading rights in Exchanges	95	96	-	-
Memberships in Exchanges	231	236	-	-
Property, plant and equipment	69,540	71,442	-	-
Deferred income tax assets	362	367	-	-
Other non-current trade receivables	-	29,221	-	-
Goodwill	3,920	4,023	-	-
	<b>83,008</b>	<b>114,469</b>	<b>235,845</b>	<b>235,845</b>
<b>Total assets</b>	<b>3,081,911</b>	<b>3,028,336</b>	<b>299,360</b>	<b>351,020</b>
<b>LIABILITIES AND EQUITY</b>				
<b><u>Current liabilities</u></b>				
Outstanding contracts payable	963,576	791,716	-	-
Trade and other payables	100,547	154,679	48,818	100,445
Financial liabilities at fair value through profit or loss	10	1	-	-
Borrowings	538,200	645,825	-	-
Debts issued	339,379	325,387	-	-
Income tax payable	31,453	25,392	-	-
Derivative financial instruments	66	9	-	-
	<b>1,973,231</b>	<b>1,943,009</b>	<b>48,818</b>	<b>100,445</b>
<b><u>Non-current liability</u></b>				
Deferred income tax liabilities	1,697	1,686	-	-
<b>Total liabilities</b>	<b>1,974,928</b>	<b>1,944,695</b>	<b>48,818</b>	<b>100,445</b>
<b><u>Equity</u></b>				
Share capital	72,471	72,471	72,471	72,471
Reserves	(51,354)	(43,816)	-	-
Retained earnings	1,065,722	1,034,666	178,071	178,104
	<b>1,086,839</b>	<b>1,063,321</b>	<b>250,542</b>	<b>250,575</b>
Non-controlling interests	20,144	20,320	-	-
<b>Total Equity</b>	<b>1,106,983</b>	<b>1,083,641</b>	<b>250,542</b>	<b>250,575</b>
<b>Total liabilities and equity</b>	<b>3,081,911</b>	<b>3,028,336</b>	<b>299,360</b>	<b>351,020</b>
<b><u>Clients' trust / segregated accounts</u></b>				
Bank balances				
- with affiliated corporations	275,103	364,008	-	-
- with non-related banks	558,381	530,140	-	-
Margin with clearing houses	13,697	11,778	-	-
Less: Amounts held in trust	(847,181)	(905,926)	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

	The Group			
	As at 31/03/2011		As at 31/12/2010	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amounts repayable in one year or less, or on demand	416,431	121,769	484,340	161,485
Amounts repayable after one year	-	-	-	-

As at period end, the Group had debts issued amounting to S\$339,379,000. The debts issued, with derivative in the form of an embedded credit default swap or a put option, allow the Group to transfer the underlying assets to the note holders as full and final settlement upon the occurrence of a credit event.

### Details of any collateral

Bank overdrafts and short term loans of subsidiaries amounting to S\$416,431,332 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 31/03/2011 S\$'000	3 months ended 31/03/2010 S\$'000
<b>Operating activities</b>		
Profit before tax	38,046	39,324
Adjustments for:		
Depreciation and amortisation expenses	2,337	2,293
(Gain) Loss on disposal of property, plant and equipment	(2)	79
Realised gain on sale of financial assets, available-for-sale	-	(462)
Dividend income from quoted / unquoted securities	(330)	(153)
Finance expenses	3,599	1,570
Exchange differences	(7,447)	1,685
Operating cash flow before working capital changes	36,203	44,336
Changes in operating assets and liabilities:		
Financial assets / liabilities at fair value through profit or loss	119	320
Trade, outstanding contracts and other receivables	(118,781)	(215,321)
Trade, outstanding contracts and other payables	117,785	173,995
Cash generated from operations	35,326	3,330
Interest paid	(3,599)	(1,570)
Income tax paid	(438)	(19)
<b>Net cash provided by operating activities</b>	31,289	1,741
<b>Investing activities</b>		
Payments for property, plant and equipment	(506)	(1,528)
Proceeds from disposal of financial assets, available -for-sale	-	1,167
Proceeds from disposal of property, plant and equipment	8	4
Proceeds from capital repayment in associates	-	56
Payment to non-controlling interest for additional interest in a subsidiary	(42)	(130)
Dividends received from quoted / unquoted securities	330	153
<b>Net cash used in investing activities</b>	(210)	(278)
<b>Financing activities</b>		
Repayment of short-term bank loans	(111,686)	(12,176)
<b>Net cash used in financing activities</b>	(111,686)	(12,176)
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(303)	48

- 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 31/03/2011	3 months ended 31/03/2010
	S\$'000	S\$'000
Net decrease in cash and cash equivalents during the financial period	(80,910)	(10,665)
Cash and cash equivalents at beginning of the financial period	274,330	167,430
<b>Cash and cash equivalents at end of the financial period</b>	<b>193,420</b>	<b>156,765</b>

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

	The Group	
	As at 31/03/2011	As at 31/03/2010
	S\$'000	S\$'000
Cash and bank balances	208,987	173,220
Less: Bank overdrafts	(15,567)	(16,455)
<b>Cash and cash equivalents per consolidated cash flow statement</b>	<b>193,420</b>	<b>156,765</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 S\$'000	Statutory reserve S\$'000	Equity 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 S\$'000	Non-controlling interests S\$'000	Total Equity S\$'000
<b>Balance at 1 January 2011</b>	72,471	1,317	(1,819)	935	(44,249)	1,034,666	1,063,321	20,320	1,083,641
Total comprehensive income for first quarter	-	(33)	-	(228)	(7,316)	31,076	23,499	(115)	23,384
Acquisition of additional interest in a subsidiary	-	-	19	-	-	-	19	(61)	(42)
Transfer to statutory reserve	-	20	-	-	-	(20)	-	-	-
<b>Balance at 31 March 2011</b>	<b>72,471</b>	<b>1,304</b>	<b>(1,800)</b>	<b>707</b>	<b>(51,565)</b>	<b>1,065,722</b>	<b>1,086,839</b>	<b>20,144</b>	<b>1,106,983</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	Equity 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 S\$'000	Non-controlling interests S\$'000	Total Equity 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 first quarter	-	34	-	(898)	1,292	32,767	33,195	570	33,765
Acquisition of additional interest in a subsidiary	-	5	-	-	7	-	12	(130)	(118)
Dilution of interest in a subsidiary	-	(113)	(1,726)	-	-	-	(1,839)	6,274	4,435
<b>Balance at 31 March 2010</b>	<b>72,471</b>	<b>1,330</b>	<b>(1,726)</b>	<b>7,633</b>	<b>(20,490)</b>	<b>985,891</b>	<b>1,045,109</b>	<b>19,809</b>	<b>1,064,918</b>

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

	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
<b>Balance at 1 January 2011</b>	72,471	178,104	250,575
Total comprehensive loss for first quarter	-	(33)	(33)
<b>Balance at 31 March 2011</b>	<b>72,471</b>	<b>178,071</b>	<b>250,542</b>

	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>

**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 2011	31 December 2010
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 2011 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 2010.

**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 31/03/11	3 months ended 31/03/10
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	4.29 cents	4.52 cents
(ii) On a fully diluted basis	4.29 cents	4.52 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 31/03/2011	As at 31/12/2010	As at 31/03/2011	As at 31/12/2010
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on	149.97 cents	146.72 cents	34.57 cents	34.58 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**

Continuing European sovereign debt concerns and the nuclear crisis in Japan had dampened sentiments and affected our Singapore operations. Competition continues to exert pressure on commission rates across the region. The strong Singapore dollar has also reduced the profit contribution of our regional operations in Singapore Dollar terms. Against this background of a challenging environment, the directors are pleased to announce a pre-tax profit of \$38.0 million.

The Group recorded revenue of \$107.4 million (2010: \$105.9 million) of which commission income contributed \$85.6 million (2010: \$86.4 million). Interest income increased from \$13.6 million to \$18.3 million as clients took up more margin loans across the region.

Finance expenses increased from \$1.6 million to \$3.6 million in line with higher working capital requirements.

**Balance Sheet**

The Group's net asset value position remains healthy at S\$1.09 billion as at 31 March 2011. There were no significant changes in the composition of Group balance sheet items.

The Group's reserves have decreased S\$7.5 million mainly due to a loss on translation of net assets of overseas subsidiaries of \$7.9 million as a result of a strong SGD vis-à-vis the currencies in the countries where these subsidiaries operate.

**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 Indonesia, regional markets generally saw foreign institutional investment outflows for the year to date. Regional governments have introduced various policies to curb inflation and property prices. The weak US dollar has also compromised operating margins for regional exporters. We expect sentiments to remain muted in the months ahead.

**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 2011

**BY ORDER OF THE BOARD**

**Wee Ee-chao**  
**Managing Director**  
**12 May 2011**