



UOB-KAY HIAN HOLDINGS LIMITED

Financial Statements

And Dividend Announcement

For Second Quarter Ended 30 June 2011

(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	6 months ended	Increase / (Decrease)	3 months ended	3 months ended	Increase / (Decrease)
	30/06/2011	30/06/2010	%	30/06/2011	30/06/2010	%
	S\$'000	S\$'000		S\$'000	S\$'000	
Revenue						
Commission income	149,944	166,854	(10.1)	64,345	80,497	(20.1)
Interest income	43,423	27,506	57.9	25,091	13,953	79.8
Dividend from quoted / unquoted securities	516	269	91.8	186	116	60.3
Other operating revenue	5,905	7,980	(26.0)	2,721	4,474	(39.2)
Total revenue	199,788	202,609	(1.4)	92,343	99,040	(6.8)
Foreign exchange gain	2,368	3,854	(38.6)	1,122	1,969	(43.0)
Realised gain on financial assets, available-for-sale	-	462	N.M.	-	-	N.M.
Total income	202,156	206,925	(2.3)	93,465	101,009	(7.5)
Costs and expenses						
Commission expenses	(37,194)	(44,101)	(15.7)	(15,569)	(21,944)	(29.1)
Personnel expenses	(53,112)	(54,740)	(3.0)	(22,911)	(25,769)	(11.1)
Depreciation and amortisation expenses	(4,716)	(4,703)	0.3	(2,379)	(2,410)	(1.3)
Allowance for impairment of trade debtors & bad debts written off	(2,071)	(250)	728.4	(2,017)	(230)	777.0
Net fair value loss on financial assets / liabilities through profit or loss	(951)	(535)	77.8	(958)	(1,083)	(11.5)
Finance expenses	(15,035)	(3,169)	374.4	(11,436)	(1,599)	615.1
Other operating expenses	(26,032)	(24,149)	7.8	(13,196)	(12,020)	9.8
	(139,111)	(131,647)	5.7	(68,466)	(65,055)	5.2
Profit before tax	63,045	75,278	(16.3)	24,999	35,954	(30.5)
Income tax expense*	(11,025)	(12,579)	(12.4)	(4,449)	(6,167)	(27.9)
Profit after tax	52,020	62,699	(17.0)	20,550	29,787	(31.0)
Other comprehensive income (net of tax):						
Foreign currency translation difference	(18,397)	815	(2,357.3)	(10,529)	(947)	1,011.8
Available-for-sale financial assets	(79)	(1,685)	(95.3)	139	(776)	(117.9)
	(18,476)	(870)	2,023.7	(10,390)	(1,723)	503.0
Total comprehensive income for the period	33,544	61,829	(45.7)	10,160	28,064	(63.8)

*Under provision of taxation in respect of prior years in the 6 months ended 30 June 2011 is \$65,888. (6 months ended 30 June 2010: \$151,774)

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 30/06/2011	6 months ended 30/06/2010	Increase / (Decrease) %	3 months ended 30/06/2011	3 months ended 30/06/2010	Increase / (Decrease) %
	S\$'000	S\$'000		S\$'000	S\$'000	
Profit attributable to :						
Owners of the Company	51,294	62,445	(17.9)	20,218	29,678	(31.9)
Non-controlling interests	726	254	185.8	332	109	204.6
	52,020	62,699	(17.0)	20,550	29,787	(31.0)
Total comprehensive income attributable to:						
Owners of the Company	34,289	61,196	(44.0)	10,790	28,001	(61.5)
Non-controlling interests	(745)	633	(217.7)	(630)	63	(1,100.0)
	33,544	61,829	(45.7)	10,160	28,064	(63.8)

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 30/6/2011 S\$'000	As at 31/12/2010 S\$'000	As at 30/6/2011 S\$'000	As at 31/12/2010 S\$'000
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	200,578	285,835	465	113
Outstanding contracts receivable	891,090	876,079	-	-
Trade receivables	1,496,432	1,701,931	-	-
Other financial assets at fair value through profit or loss	23,287	28,189	-	-
Other current assets	47,875	21,646	36,175	115,062
Derivative financial instruments	65	187	-	-
	2,659,327	2,913,867	36,640	115,175
<u>Non-current assets</u>				
Investments				
- in subsidiaries	-	-	235,845	235,845
Financial assets, available-for-sale	5,032	9,084	-	-
Trading rights in Exchanges	92	96	-	-
Memberships in Exchanges	222	236	-	-
Property, plant and equipment	68,442	71,442	-	-
Deferred income tax assets	359	367	-	-
Other non-current trade receivables	-	29,221	-	-
Goodwill	3,764	4,023	-	-
	77,911	114,469	235,845	235,845
Total assets	2,737,238	3,028,336	272,485	351,020
LIABILITIES AND EQUITY				
<u>Current liabilities</u>				
Outstanding contracts payable	828,180	791,716	-	-
Trade and other payables	82,260	154,679	86,632	100,445
Other financial liabilities at fair value through profit or loss	107	1	-	-
Borrowings	431,694	645,825	-	-
Debts issued	316,012	325,387	-	-
Current income tax liabilities	25,101	25,392	-	-
Derivative financial instruments	472	9	-	-
	1,683,826	1,943,009	86,632	100,445
<u>Non-current liability</u>				
Deferred income tax liabilities	1,752	1,686	-	-
Total liabilities	1,685,578	1,944,695	86,632	100,445
<u>Equity</u>				
Share capital	72,471	72,471	72,471	72,471
Reserves	(60,783)	(43,816)	-	-
Retained earnings	1,020,717	1,034,666	113,382	178,104
	1,032,405	1,063,321	185,853	250,575
Non-controlling interests	19,255	20,320	-	-
Total Equity	1,051,660	1,083,641	185,853	250,575
Total liabilities and equity	2,737,238	3,028,336	272,485	351,020
<u>Clients' trust / segregated accounts</u>				
Bank balances				
- with affiliated corporations	192,498	364,008	-	-
- with non-related banks	556,087	530,140	-	-
Margin with clearing houses	15,470	11,778	-	-
Less: Amounts held in trust	(764,055)	(905,926)	-	-
	-	-	-	-

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

	The Group			
	As at 30/06/2011		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	363,781	67,913	644,550	1,275
Amounts repayable after one year	-	-	-	-

As at period end, the Group had debts issued amounting to S\$316,012,450. 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\$363,781,645 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 30/06/2011 S\$'000	6 months ended 30/06/2010 S\$'000	3 months ended 30/06/2011 S\$'000	3 months ended 30/06/2010 S\$'000
Operating activities				
Profit before tax	63,045	75,278	24,999	35,954
Adjustments for:				
Depreciation and amortisation expenses	4,716	4,703	2,379	2,410
(Gain) / Loss on disposal of property, plant and equipment	(19)	80	(17)	1
Realised gain on sale of financial assets, available-for-sale	-	(462)	-	-
Dividend income from quoted / unquoted securities	(516)	(269)	(186)	(116)
Finance expenses	15,035	3,169	11,436	1,599
Exchange differences	(19,346)	2,080	(11,899)	395
Operating cash flow before working capital changes	62,915	84,579	26,712	40,243
Changes in operating assets and liabilities:				
Other financial assets / liabilities at fair value through profit or loss	5,008	(2,139)	4,889	(2,459)
Trade, outstanding contracts and other receivables	184,227	(19,188)	303,008	196,137
Trade, outstanding contracts and other payables	(35,492)	(6,422)	(153,277)	(180,417)
Cash generated from operations	216,658	56,830	181,332	53,504
Interest paid	(15,035)	(3,169)	(11,436)	(1,599)
Income tax paid	(11,127)	(9,199)	(10,689)	(9,180)
Net cash provided by operating activities	190,496	44,462	159,207	42,725
Investing activities				
Payments for property, plant and equipment	(1,907)	(2,117)	(1,401)	(593)
Proceeds from disposal of financial assets, available-for-sale	4,004	1,167	4,004	-
Proceeds from disposal of property, plant and equipment	30	5	22	1
Proceeds from capital repayment in associates	-	57	-	1
Payment for financial assets, available -for-sale	(6)	-	(6)	-
Payment to non-controlling interests for additional interest in a subsidiary	(42)	(170)	-	(40)
Payment to non-controlling interests for dividend	(259)	(248)	(259)	(248)
Dividends received from quoted / unquoted securities	516	269	186	116
Net cash provided by / (used in) investing activities	2,336	(1,037)	2,546	(763)
Financing activities				
(Repayment) / Drawdown of short-term bank loans	(211,385)	71,956	(99,699)	84,132
Dividends paid	(65,224)	(54,353)	(65,224)	(54,353)
Net cash (used in) / provided by financing activities	(276,609)	17,603	(164,923)	29,779
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	1,266	(1,311)	1,569	(1,359)

- 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
	30/06/2011	30/06/2010	30/06/2011	30/06/2010
	S\$'000	S\$'000	S\$'000	S\$'000
Net (decrease) / increase in cash and cash equivalents during the financial period	(82,511)	59,717	(1,601)	70,382
Cash and cash equivalents at beginning of the financial period	274,330	167,430	193,420	156,765
Cash and cash equivalents at end of the financial period	191,819	227,147	191,819	227,147

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

	The Group	
	As at	As at
	30/06/2011	30/06/2010
	S\$'000	S\$'000
Cash and bank balances	200,578	241,545
Less: Bank overdrafts	(8,759)	(14,398)
Cash and cash equivalents per consolidated cash flow statement	191,819	227,147

- 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	Equity reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total attributable to members of the company	Non-controlling interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2011	72,471	1,317	(1,819)	935	(44,249)	1,034,666	1,063,321	20,320	1,083,641
Total comprehensive (loss) / income for first quarter	-	(33)	-	(228)	(7,316)	31,076	23,499	(115)	23,384
Transfer to statutory reserve	-	20	-	-	-	(20)	-	-	-
Acquisition of additional interest in a subsidiary	-	-	19	-	-	-	19	(61)	(42)
Balance at 31 March 2011	72,471	1,304	(1,800)	707	(51,565)	1,065,722	1,086,839	20,144	1,106,983
Total comprehensive (loss) / income for the second quarter	-	(52)	-	122	(9,498)	20,218	10,790	(630)	10,160
Final dividend for 2010 paid	-	-	-	-	-	(65,224)	(65,224)	-	(65,224)
Payment of dividends by a subsidiary	-	-	-	-	-	-	-	(259)	(259)
Balance at 30 June 2011	72,471	1,252	(1,800)	829	(61,063)	1,020,716	1,032,405	19,255	1,051,660

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	Minority interests S\$'000	Total Equity 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 / (loss) for 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	(1,726)	7,633	(20,490)	985,891	1,045,109	19,809	1,064,918
Total comprehensive income / (loss) for 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)
Balance at 30 June 2010	72,471	1,330	(1,726)	6,841	(21,375)	961,216	1,018,757	19,584	1,038,341

STATEMENT OF CHANGES IN EQUITY – THE COMPANY

	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
Balance at 1 January 2011	72,471	178,104	250,575
Total comprehensive loss for first quarter	-	(33)	(33)
Balance at 31 March 2011	72,471	178,071	250,542
Total comprehensive income for second quarter	-	535	535
Final dividend for 2010 paid	-	(65,224)	(65,224)
Balance at 30 June 2011	72,471	113,382	185,853

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
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
Total comprehensive income for second quarter	-	393	393
Final dividend for 2009 paid	-	(54,353)	(54,353)
Balance at 30 June 2010	72,471	103,544	176,015

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 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 30 June 2011 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 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 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 30/6/2011	6 months ended 30/06/2010	3 months ended 30/06/2011	3 months ended 30/06/2010
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	7.08 cents	8.62 cents	2.79 cents	4.10 cents
(ii) On a fully diluted basis	7.08 cents	8.62 cents	2.79 cents	4.10 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 30/6/2011	As at 31/12/2010	As at 30/6/2011	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	142.46 cents	146.72 cents	25.65 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

2Q11 vs 2Q10

The Group recorded pre-tax profit of S\$25.0 million and after tax profit of S\$20.6 million, a decrease of 30.5% and 31.0% respectively. The strong Singapore dollar has negatively affected the overseas contribution to the Group's profits.

Investors traded cautiously during the 2nd quarter 2011, concerned over the EU debt crisis and slowing global economy. Commission income decreased from S\$80.5 million to S\$64.3 million, reflecting a decline of 20.1%. Interest income however grew strongly by 79.8% from S\$ 13.9 million to S\$ 25.1 million with expansion of financing activities. Other operating revenue contracted 39.2% from S\$4.5 million to S\$2.7 million with lower placement activities.

Commission expenses decreased 29.1% from S\$ 21.9 million to S\$ 15.6 million and personnel expenses decreased 11.1% from S\$25.8 million to S\$22.9 million, in line with decrease in commission income. An impairment allowance of S\$2 million was made against a trade receivable. The increase in finance expenses was due to the strong growth in financing activities

1H11 vs 1H10

The group recorded profit before tax of S\$63.0 million and profit after tax of S\$52.0 million, a decrease of 16.4% and 17.0% respectively.

Market sentiments had been weighed down by concerns over the European debt crisis and the Japanese earth quake in the first half of 2011. Commission income decreased from S\$166.9 million to S\$150.0 million, a decrease of 10.1%. Interest income increased significantly by 57.9% from S\$ 27.5 million to S\$43.4 million due to expansion of financing activities. Other operating revenue decreased by 26.0% from S\$8.0 million to S\$5.9 million as a result of reduction in placement activities.

Commission expenses decreased by 15.7% from S\$44.1 million to S\$37.2 million with lower commission income whilst finance expenses increased in line with higher lending activities.

Balance Sheet

The Group's net asset value of S\$1.05 billion as at 30 June 2011 reflects a healthy financial position. There were no significant changes in the composition of Group balance sheet items.

The Group's reserves decreased S\$10.5 million mainly due to a loss on translation of net assets of overseas subsidiaries as a result of a strong Singapore dollar.

- 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.**

General sentiments are expected to continue to be negatively affected by concerns of a stalling global economy arising from sovereign debt issues in certain EU countries and the US. The planned austerity measures in these economies have increased the risk of global recession.

On a more positive note, we are seeing better growth prospects in our Indonesia and Thai subsidiaries.

We also see opportunities in rising liquidity levels amongst funds against the background of historically low stock valuation. Trading volumes are expected to increase in the near term as investors take advantage of prevailing market volatility.

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 2011

(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 2011 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 2011, 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
12 August 2011