



UOB-KAY HIAN HOLDINGS LIMITED

Financial Statements

And Dividend Announcement

For Third Quarter Ended 30 September 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					
	9 months ended	9 months ended	Increase / (Decrease)	3 months ended	3 months ended	Increase / (Decrease)
	30/09/2011	30/09/2010	%	30/09/2011	30/09/2010	%
	S\$'000	S\$'000		S\$'000	S\$'000	
Revenue						
Commission income	221,019	252,638	(12.5)	71,075	85,784	(17.1)
Interest income	61,137	41,859	46.1	17,386	14,288	21.7
Dividend from quoted / unquoted securities	238	211	12.8	50	7	614.3
Other operating revenue	10,142	14,439	(29.8)	4,237	6,459	(34.4)
Total revenue	292,536	309,147	(5.4)	92,748	106,538	(12.9)
Foreign exchange gain	5,737	4,503	27.4	3,369	649	419.1
Realised gain on financial assets, available-for-sale	-	462	N.M.	-	-	N.M.
Total income	298,273	314,112	(5.0)	96,117	107,187	(10.3)
Costs and expenses						
Commission expenses	(56,830)	(65,880)	(13.7)	(19,636)	(21,779)	(9.8)
Personnel expenses	(78,485)	(83,557)	(6.1)	(25,373)	(28,817)	(11.9)
Depreciation and amortisation expenses	(7,108)	(7,114)	(0.1)	(2,392)	(2,411)	(0.8)
Allowance for impairment of trade debtors & bad debts written off	(2,413)	(72)	3,251.4	(342)	178	(292.1)
Net fair value (loss) / gain on financial assets / liabilities through profit or loss	(2,447)	1,125	(317.5)	(1,496)	1,660	(190.1)
Finance expenses	(19,714)	(5,062)	289.5	(4,679)	(1,893)	147.2
Other operating expenses	(39,156)	(37,163)	5.4	(13,124)	(13,014)	0.8
	(206,153)	(197,723)	4.3	(67,042)	(66,076)	1.5
Profit before tax	92,120	116,389	(20.9)	29,075	41,111	(29.3)
Income tax expense*	(16,479)	(19,387)	(15.0)	(5,454)	(6,808)	(19.9)
Profit after tax	75,641	97,002	(22.0)	23,621	34,303	(31.1)
Other comprehensive income (net of tax):						
Foreign currency translation difference	(438)	(15,025)	(97.1)	17,959	(15,840)	(213.4)
Available-for-sale financial assets	333	(791)	(142.1)	412	894	(53.9)
	(105)	(15,816)	(99.3)	18,371	(14,946)	(222.9)
Total comprehensive income for the period	75,536	81,186	(7.0)	41,992	19,357	116.9

*(Over) / Under provision of taxation in respect of prior years in the 9 months ended 30 September 2011 is \$(99,686). (9 months ended 30 September 2010: \$206,834)

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					
	9 months ended 30/09/2011 S\$'000	9 months ended 30/09/2010 S\$'000	Increase / (Decrease) %	3 months ended 30/09/2011 S\$'000	3 months ended 30/09/2010 S\$'000	Increase / (Decrease) %
Profit attributable to :						
Owners of the Company	74,446	96,157	(22.6)	23,152	33,712	(31.3)
Non-controlling interests	1,195	845	41.4	469	591	(20.6)
	75,641	97,002	(22.0)	23,621	34,303	(31.1)
Total comprehensive income attributable to:						
Owners of the Company	75,035	79,991	(6.2)	40,746	18,795	116.8
Non-controlling interests	501	1,195	(58.1)	1,246	562	121.7
	75,536	81,186	(7.0)	41,992	19,357	116.9

1(b)(i) A statement of financial position (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 30/9/2011 S\$'000	As at 31/12/2010 S\$'000	As at 30/9/2011 S\$'000	As at 31/12/2010 S\$'000
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	268,596	285,835	280	113
Outstanding contracts receivable	648,479	876,079	-	-
Trade receivables	1,358,780	1,701,931	-	-
Other financial assets at fair value through profit or loss	45,952	28,189	-	-
Other current assets	33,096	21,646	19,362	115,062
Derivative financial instruments	42	187	-	-
	<u>2,354,945</u>	<u>2,913,867</u>	<u>19,642</u>	<u>115,175</u>
<u>Non-current assets</u>				
Investments in subsidiaries	-	-	235,845	235,845
Financial assets, available-for-sale	5,495	9,084	-	-
Trading rights in Exchanges	97	96	-	-
Memberships in Exchanges	230	236	-	-
Property, plant and equipment	67,176	71,442	-	-
Deferred income tax assets	364	367	-	-
Goodwill	3,918	4,023	-	-
Other non-current trade receivables	72,000	29,221	-	-
	<u>149,280</u>	<u>114,469</u>	<u>235,845</u>	<u>235,845</u>
Total assets	<u>2,504,225</u>	<u>3,028,336</u>	<u>255,487</u>	<u>351,020</u>
LIABILITIES AND EQUITY				
<u>Current liabilities</u>				
Outstanding contracts payable	600,277	791,716	-	-
Trade and other payables	131,167	154,679	73,643	100,445
Other financial liabilities at fair value through profit or loss	28	1	-	-
Borrowings	357,096	645,825	-	-
Debts issued	296,023	325,387	-	-
Current income tax liabilities	24,338	25,392	-	-
Derivative financial instruments	987	9	-	-
	<u>1,409,916</u>	<u>1,943,009</u>	<u>73,643</u>	<u>100,445</u>
<u>Non-current liability</u>				
Deferred income tax liabilities	1,765	1,686	-	-
Total liabilities	<u>1,411,681</u>	<u>1,944,695</u>	<u>73,643</u>	<u>100,445</u>
<u>Equity</u>				
Share capital	72,471	72,471	72,471	72,471
Reserves	(42,233)	(43,816)	-	-
Retained earnings	1,040,245	1,034,666	109,373	178,104
	<u>1,070,483</u>	<u>1,063,321</u>	<u>181,844</u>	<u>250,575</u>
Non-controlling interests	22,061	20,320	-	-
Total Equity	<u>1,092,544</u>	<u>1,083,641</u>	<u>181,844</u>	<u>250,575</u>
Total liabilities and equity	<u>2,504,225</u>	<u>3,028,336</u>	<u>255,487</u>	<u>351,020</u>
<u>Clients' trust / segregated accounts</u>				
Bank balances				
- with affiliated corporations	175,013	364,008	-	-
- with non-related banks	586,588	530,140	-	-
Margin with clearing houses	15,621	11,778	-	-
Less: Amounts held in trust	(777,222)	(905,926)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	The Group			
	As at 30/09/2011		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	328,187	28,909	644,551	1,274
Amounts repayable after one year	-	-	-	-

As at period end, the Group had debts issued amounting to S\$296,023,000. 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\$328,186,577 are secured by a fixed charge over immovable fixed assets and a floating charge over all assets.

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group			
	9 months ended 30/09/2011 S\$'000	9 months ended 30/09/2010 S\$'000	3 months ended 30/09/2011 S\$'000	3 months ended 30/09/2010 S\$'000
	Operating activities			
Profit before tax	92,120	116,389	29,075	41,111
Adjustments for:				
Depreciation and amortisation expenses	7,108	7,114	2,392	2,411
(Gain) / Loss on disposal of property, plant and equipment	(21)	98	(2)	18
Realised gain on sale of financial assets, available-for-sale	-	(462)	-	-
Dividend income from quoted / unquoted securities	(238)	(211)	(50)	(7)
Finance expenses	19,714	5,062	4,679	1,893
Exchange differences	(11,987)	(18,568)	7,359	(18,071)
Operating cash flow before working capital changes	106,696	109,422	43,453	27,355
Changes in operating assets and liabilities:				
Other financial assets / liabilities at fair value through profit or loss	(9,791)	(2,200)	(14,799)	(61)
Trade, outstanding contracts and other receivables	513,900	(810,105)	329,673	(790,923)
Trade, outstanding contracts and other payables	(230,831)	509,811	(195,339)	516,233
Cash generated from / (used in) operations	379,974	(193,072)	162,988	(247,396)
Interest paid	(19,714)	(5,062)	(4,679)	(1,893)
Income tax paid	(17,542)	(15,275)	(6,415)	(6,076)
Net cash provided by / (used in) operating activities	342,718	(213,409)	151,894	(255,365)
Investing activities				
Payments for property, plant and equipment	(2,532)	(3,110)	(625)	(987)
Proceeds from disposal of financial assets, available-for-sale	4,004	1,167	-	-
Proceeds from disposal of property, plant and equipment	27	19	(3)	14
Proceeds from capital repayment in associates	-	80	-	23
Payment for financial assets, available -for-sale	(6)	-	-	-
Acquisition of subsidiary	(14,848)	-	(14,848)	-
Payment to non-controlling interests for dividend	(246)	(248)	13	-
Dividends received from quoted / unquoted securities	238	211	50	7
Net cash used in investing activities	(13,363)	(1,881)	(15,413)	(943)
Financing activities				
(Repayment) / Drawdown of short-term bank loans	(283,226)	344,926	(71,841)	272,970
Dividends paid	(68,847)	(57,976)	(3,623)	(3,623)
Payment to non-controlling interests for additional interest in a subsidiary	(748)	(234)	(706)	(64)
Net cash (used in) / provided by from financing activities	(352,821)	286,716	(76,170)	269,283

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			
	9 months ended 30/09/2011	9 months ended 30/09/2010	3 months ended 30/09/2011	3 months ended 30/09/2010
	S\$'000	S\$'000	S\$'000	S\$'000
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	11,731	3,613	10,465	2,347
Net (decrease) / increase in cash and cash equivalents during the financial period	(11,735)	75,039	70,776	15,322
Cash and cash equivalents at beginning of the financial period	274,330	167,430	191,819	227,147
Cash and cash equivalents at end of the financial period	262,595	242,469	262,595	242,469

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

	The Group	
	As at 30/09/2011	As at 30/09/2010
	S\$'000	S\$'000
Cash and bank balances	268,596	254,759
Less: Bank overdrafts	(6,001)	(12,290)
Cash and cash equivalents per consolidated cash flow statement	262,595	242,469

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
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

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
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 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
Total comprehensive income for third quarter	-	51	-	442	17,101	23,152	40,746	1,246	41,992
Interim dividend for 2011 paid	-	-	-	-	-	(3,623)	(3,623)	-	(3,623)
Acquisition of additional interest in a subsidiary	-	-	337	-	-	-	337	(1,043)	(706)
Acquisition of a subsidiary	-	-	618	-	-	-	618	2,590	3,208
Payment of dividends by a subsidiary	-	-	-	-	-	-	-	13	13
Balance at 30 September 2011	72,471	1,303	(845)	1,271	(43,962)	1,040,245	1,070,483	22,061	1,092,544

	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 S\$'000	Non-controlling 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	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 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 S\$'000	Non-controlling interests S\$'000	Total Equity S\$'000
Balance at 31 March 2010	72,471	1,330	7,633	(20,490)	984,165	1,045,109	19,809	1,064,918
Total comprehensive (loss) / income 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 subsidiary	-	-	-	-	-	-	(248)	(248)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	(40)	(40)
Balance at 30 June 2010	72,471	1,330	6,841	(21,375)	959,490	1,018,757	19,584	1,038,341
Total comprehensive income / (loss) for third quarter	-	2	889	(15,808)	33,712	18,795	562	19,357
Interim dividend for 2010 paid	-	-	-	-	(3,623)	(3,623)	-	(3,623)
Acquisition of additional interest in a subsidiary	-	3	-	(7)	-	(4)	(64)	(68)
Balance at 30 September 2010	72,471	1,335	7,730	(37,190)	989,579	1,033,925	20,082	1,054,007

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
Total comprehensive loss for third quarter	-	(386)	(386)
Interim dividend for 2011 paid	-	(3,623)	(3,623)
Balance at 30 September 2011	72,471	109,373	181,844

- 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 COMPANY

	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
Total comprehensive loss for third quarter	-	(43)	(43)
Interim dividend for 2010 paid	-	(3,623)	(3,623)
Balance at 30 September 2010	72,471	99,878	172,349

- 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 September 2011 31 December 2010

No. of shares	724,709,009	724,709,009
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- 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

- 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			
	9 months ended 30/9/2011	9 months ended 30/09/2010	3 months ended 30/09/2011	3 months ended 30/09/2010
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	10.27 cents	13.27 cents	3.19 cents	4.65 cents
(ii) On a fully diluted basis	10.27 cents	13.27 cents	3.19 cents	4.65 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 30/9/2011	As at 31/12/2010	As at 30/9/2011	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	147.71 cents	146.72 cents	25.09 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

3Q11 vs 3Q10

Following the escalation of the EU debt crisis and a weak US economic recovery, many retail investors have stayed on the sidelines. Commission income decreased from S\$85.8 million to S\$71.1 million, reflecting a decline of 17.1%. Interest income grew 21.7% with expansion of lending activities. Other operating income decreased by 34.4% to S\$4.2 million with fewer IPOs and low corporate fund raising activities .

Commission and personnel expenses decreased 9.8% and 11.9% to S\$19.6 million and S\$25.4 million respectively, in line with the decline in commission income. The increase in finance expenses was due to the higher amount of debt securities issued by the Group.

The Group recorded pre-tax profit of S\$29.1 million and after tax profit of S\$23.6 million, a decrease of 29.3% and 31.1% respectively.

9 months 11 vs 9 months 10

The decrease of S\$31.6 million and S\$4.3 million in commission and other operating income respectively was partially offset by the increase in interest income of S\$19.3 million over the comparative period. Total income decreased by 5.0% to S\$298.3 million. Total costs and expenses rose by 4.3% or S\$8.4 million mainly due to finance expenses.

The Group recorded a profit before tax of S\$92.1 million and profit after tax of S\$75.6 million, representing decreases of 20.9% and 22.0% respectively.

Balance Sheet

The Group has net assets of S\$1.09 billion as at 30 September 2011. Trade receivables decreased slightly due to low trading volumes. Borrowings decreased due to lower working capital requirements.

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.

We expect investor sentiments for equities to be weighed down by continued sovereign debt woes in the EU. The increasing risk of the spill-over effect onto the global economy has especially affected export driven economies.

We expect business volumes for the forward quarters to be negatively impacted by the poor prevailing investment sentiment.

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/recommended, a statement to that effect.

No dividend has been declared / recommended during the financial period.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPTs mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained.

14 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 September 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

BY ORDER OF THE BOARD

**Wee Ee-chao
Managing Director
8 November 2011**