



UOB-KAY HIAN HOLDINGS LIMITED

Financial Statements

And Dividend Announcement

For Second Quarter Ended 30 June 2012

(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 30/06/2012 S\$'000	6 months ended 30/06/2011 S\$'000	Increase / (Decrease) %	3 months ended 30/06/2012 S\$'000	3 months ended 30/06/2011 S\$'000	Increase / (Decrease) %
Revenue						
Commission income	114,026	149,944	(24.0)	48,181	64,345	(25.1)
Interest income	37,489	43,751	(14.3)	22,579	25,149	(10.2)
Dividend from quoted / unquoted securities	81	188	(56.9)	41	128	(68.0)
Other operating revenue	8,183	5,905	38.6	3,861	2,721	41.9
Total revenue	159,779	199,788	(20.0)	74,662	92,343	(19.1)
Foreign exchange gain	1,659	2,368	(29.9)	1,116	1,122	(0.5)
Total income	161,438	202,156	(20.1)	75,778	93,465	(18.9)
Costs and expenses						
Commission expenses	(28,743)	(37,194)	(22.7)	(12,637)	(15,569)	(18.8)
Personnel expenses	(45,399)	(53,112)	(14.5)	(21,864)	(22,911)	(4.6)
Depreciation expenses	(5,048)	(4,716)	7.0	(2,555)	(2,379)	7.4
Allowance for impairment of trade debtors & bad debts written off	(421)	(2,071)	(79.7)	(442)	(2,017)	(78.1)
Net fair value gain / (loss) on financial assets / liabilities through profit or loss	2,074	(951)	(318.1)	569	(958)	(159.4)
Finance expenses	(13,042)	(15,035)	(13.3)	(9,881)	(11,436)	(13.6)
Other operating expenses	(28,351)	(26,032)	8.9	(13,280)	(13,196)	0.6
	(118,930)	(139,111)	(14.5)	(60,090)	(68,466)	(12.2)
Profit before tax	42,508	63,045	(32.6)	15,688	24,999	(37.2)
Income tax expense*	(6,113)	(11,025)	(44.6)	(2,929)	(4,449)	(34.2)
Profit after tax	36,395	52,020	(30.0)	12,759	20,550	(37.9)
Other comprehensive income (net of tax):						
Foreign currency translation difference	(10,499)	(18,397)	(42.9)	140	(10,529)	(101.3)
Available-for-sale financial assets	1,189	(79)	(1,605.1)	122	139	(12.2)
	(9,310)	(18,476)	(49.6)	262	(10,390)	(102.5)
Total comprehensive income for the period	27,085	33,544	(19.3)	13,021	10,160	28.2

*Under provision of taxation in respect of prior years in the 6 months ended 30 June 2012 is \$18,806. (6 months ended 30 June 2011: \$65,888)

N.M. = Not Meaningful.

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 *(continued)*

COMPREHENSIVE INCOME STATEMENT
(continued)

	The Group					
	6 months ended	6 months ended	Increase / (Decrease)	3 months ended	3 months ended	Increase / (Decrease)
	30/06/2012 S\$'000	30/06/2011 S\$'000	%	30/06/2012 S\$'000	30/06/2011 S\$'000	%
Profit attributable to :						
Owners of the Company	35,584	51,294	(30.6)	12,426	20,218	(38.5)
Non-controlling interests	811	726	11.7	333	332	0.3
	36,395	52,020	(30.0)	12,759	20,550	(37.9)
Total comprehensive income attributable to:						
Owners of the Company	26,883	34,289	(21.6)	13,094	10,790	21.4
Non-controlling interests	202	(745)	(127.1)	(73)	(630)	(88.4)
	27,085	33,544	(19.3)	13,021	10,160	28.2

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 30/06/2012	As at 31/12/2011	As at 30/06/2012	As at 31/12/2011
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
<u>Current assets</u>				
Cash and bank balances	326,846	357,746	683	5,228
Outstanding contracts receivable	948,368	404,040	-	-
Trade receivables	1,273,701	1,229,849	-	-
Other financial assets, at fair value through profit or loss	32,323	30,149	-	-
Other current assets	26,950	22,873	19,426	19,778
Derivative financial instruments	8	14	-	-
Total current assets	2,608,196	2,044,671	20,109	25,006
<u>Non-current assets</u>				
Trade and other receivables	12,252	79,292	191	-
Goodwill	10,513	5,188	-	-
Subsidiaries	-	-	265,752	243,273
Financial assets, available-for-sale	19,096	13,821	-	-
Trading rights in Exchanges	775	97	-	-
Memberships in Exchanges	366	441	-	-
Property, plant and equipment	65,605	65,231	-	-
Deferred tax assets	1,430	724	-	-
Total non-current assets	110,037	164,794	265,943	243,273
Total assets	2,718,233	2,209,465	286,052	268,279
LIABILITIES AND EQUITY				
<u>Current liabilities</u>				
Outstanding contracts payable	889,133	377,162	-	-
Trade and other payables	86,027	96,646	74,201	18,743
Other financial liabilities, at fair value through profit or loss	35	-	-	-
Borrowings	334,781	308,752	5,086	-
Debts issued	295,573	295,711	-	-
Income tax payable	14,495	16,652	-	-
Derivative financial instruments	945	679	-	-
Total current liabilities	1,620,989	1,095,602	79,287	18,743
<u>Non-current liabilities</u>				
Trade and other payables	3,581	3,636	-	-
Deferred tax liabilities	2,275	1,834	-	-
Total non-current liabilities	5,856	5,470	-	-
Total liabilities	1,626,845	1,101,072	79,287	18,743
<u>Equity</u>				
Capital, reserves and non-controlling interests				
Share capital	72,471	72,471	72,471	72,471
Reserves	(51,778)	(43,174)	-	-
Retained earnings	1,049,572	1,057,501	134,294	177,065
Equity attributable to owners of the Company	1,070,265	1,086,798	206,765	249,536
Non-controlling interests	21,123	21,595	-	-
Total equity	1,091,388	1,108,393	206,765	249,536
Total liabilities and equity	2,718,233	2,209,465	286,052	268,279
<u>Clients' trust / segregated accounts</u>				
Bank balances				
- with related parties	347,070	181,430	-	-
- with non-related banks	648,260	628,485	-	-
Margin with clearing houses	17,394	12,976	-	-
Less: Amounts held in trust	(1,012,724)	(822,891)	-	-
	-	-	-	-

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

	The Group			
	As at 30/06/2012		As at 31/12/2011	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amounts repayable in one year or less, or on demand	294,760	40,021	207,857	100,895
Amounts repayable after one year	-	-	-	-

As at period end, the Group had debts issued amounting to S\$295,572,981. 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\$294,760,376 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 30/06/2012 S\$'000	6 months ended 30/06/2011 S\$'000	3 months ended 30/06/2012 S\$'000	3 months ended 30/06/2011 S\$'000
Operating activities				
Profit before income tax	42,508	63,045	15,688	24,999
Adjustments for:				
Depreciation expenses	5,048	4,716	2,555	2,379
Gain on disposal of property, plant and equipment	(16)	(19)	(1)	(17)
Dividend income from quoted / unquoted securities	(81)	(188)	(41)	(128)
Finance expenses	13,042	15,035	9,881	11,436
Exchange differences	5,735	(19,346)	17,508	(11,899)
Operating cash flow before working capital changes	66,236	63,243	45,590	26,770
Changes in operating assets and liabilities:				
Other financial assets / liabilities, at fair value through profit or loss	(2,139)	5,008	(2,116)	4,889
Trade, outstanding contracts and other receivables	(515,855)	184,227	89,936	303,008
Trade, outstanding contracts and other payables	488,984	(35,492)	59,591	(153,277)
Cash generated from operations	37,226	216,986	193,001	181,390
Interest paid	(13,042)	(15,035)	(9,881)	(11,436)
Income tax paid	(8,801)	(11,127)	(8,354)	(10,689)
Net cash provided by operating activities	15,383	190,824	174,766	159,265
Investing activities				
Payments for property, plant and equipment	(2,050)	(1,907)	(936)	(1,401)
Acquisition of subsidiary	(6,697)	-	(6,697)	-
Proceeds from disposal of property, plant and equipment	22	30	1	22
Net (payment for) / proceeds from financial assets, available -for-sale	(3,978)	3,998	(1,032)	3,998
Payment to non-controlling interests for dividend	(254)	(259)	(254)	(259)
Dividends received from quoted / unquoted securities	81	188	41	128
Net cash (used in) / from investing activities	(12,876)	2,050	(8,877)	2,488
Financing activities				
Net drawdown / (repayment) of short-term bank loans	19,274	(211,385)	43,434	(99,699)
Payment to non-controlling interests for additional interest in a subsidiary	(353)	(42)	(133)	-
Dividends paid	(43,483)	(65,224)	(43,483)	(65,224)
Net cash used in financing activities	(24,562)	(276,651)	(182)	(164,923)
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(15,598)	1,266	(17,020)	1,569

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 30/06/2012 S\$'000	6 months ended 30/06/2011 S\$'000	3 months ended 30/06/2012 S\$'000	3 months ended 30/06/2011 S\$'000
Net (decrease) / increase in cash and cash equivalents during the financial period	(37,653)	(82,511)	148,687	(1,601)
Cash and cash equivalents at beginning of the financial period	353,605	274,330	167,265	193,420
Cash and cash equivalents at end of the financial period	315,952	191,819	315,952	191,819

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

	The Group	
	As at 30/06/2012 S\$'000	As at 30/06/2011 S\$'000
Cash and bank balances	326,846	200,578
Less: Bank overdrafts	(10,894)	(8,759)
Cash and cash equivalents per consolidated cash flow statement	315,952	191,819

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 2012	72,471	1,541	(1,592)	1,074	(44,197)	1,057,501	1,086,798	21,595	1,108,393
Total comprehensive income for first quarter	-	(14)	-	1,053	(10,408)	23,158	13,789	275	14,064
Transfer to statutory reserve	-	30	-	-	-	(30)	-	-	-
Acquisition of additional interest in a subsidiary	-	6	44	-	-	-	50	(270)	(220)
Balance at 31 March 2012	72,471	1,563	(1,548)	2,127	(54,605)	1,080,629	1,100,637	21,600	1,122,237
Total comprehensive income for second quarter	-	(30)	-	149	549	12,426	13,094	(73)	13,021
Final dividend for 2011 paid	-	-	-	-	-	(43,483)	(43,483)	-	(43,483)
Acquisition of additional interest in a subsidiary	-	3	14	-	-	-	17	(150)	(133)
Payment of dividends by a subsidiary	-	-	-	-	-	-	-	(254)	(254)
Balance at 30 June 2012	72,471	1,536	(1,534)	2,276	(54,056)	1,049,572	1,070,265	21,123	1,091,388

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 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 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 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

STATEMENT OF CHANGES IN EQUITY – THE COMPANY

	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
Balance at 1 January 2012	72,471	177,065	249,536
Total comprehensive loss for first quarter	-	(70)	(70)
Balance at 31 March 2012	72,471	176,995	249,466
Total comprehensive income for second quarter	-	782	782
Final dividend for 2011 paid	-	(43,483)	(43,483)
Balance at 30 June 2012	72,471	134,294	206,765

- 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 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)(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 2012	31 December 2011
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

- 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 2011.

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 30/6/2012	6 months ended 30/06/2011	3 months ended 30/06/2012	3 months ended 30/06/2011
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	4.91 cents	7.08 cents	1.71 cents	2.79 cents
(ii) On a fully diluted basis	4.91 cents	7.08 cents	1.71 cents	2.79 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 30/6/2012	As at 31/12/2011	As at 30/6/2012	As at 31/12/2011
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on	147.68 cents	149.96 cents	28.53 cents	34.43 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

2Q12 vs 2Q11

The Group recorded pre-tax profit of S\$15.7 million and after tax profit of S\$12.8 million, a decrease of 37.2% and 37.9% respectively.

Investors continued to stay at the sidelines, concerned over the EU debt crisis and slowing global economy. Commission income decreased from S\$64.3 million to S\$48.1 million, reflecting a decline of 25.1%. Interest income contracted 10.2% from S\$ 25.1 million to S\$ 22.6 million with lower financing activities. Other operating revenue grew 41.9% from S\$2.7 million to S\$3.9 million coming from a low base.

Commission expenses decreased 18.8% from S\$15.6 million to S\$12.6 million and personnel expenses decreased 4.6% from S\$22.9 million to S\$21.9 million, in line with decrease in commission income. The decrease in finance expenses was due to lower financing activities

1H12 vs 1H11

The group recorded profit before tax of S\$42.5 million and profit after tax of S\$36.4 million, a decrease of 32.6% and 30.0% respectively.

Market sentiment was weighed down by concerns over the European debt crisis, the flagging US economic recovery and slowdown in the Chinese economy. Commission income decreased from S\$150.0 million to S\$114.0 million, representing a decrease of 24.0%. Interest income decreased by 14.3% from S\$43.4 million to S\$37.5 million due to decline in share financing activities and lower interest rates charged. Other operating revenue increased by 38.6% from S\$5.9 million to S\$8.2 million as a result of higher facility fees earned.

Commission expenses decreased by 22.7% from S\$37.2 million to S\$28.7 million with lower commission income. Finance expenses decreased in line with lower lending activities.

Balance Sheet

The Group's net asset value of S\$1.09 billion as at 30 June 2012 reflects a healthy financial position. 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 effects of European debt crisis and the slowing US economy have spread to regional economies including China. The global economic slowdown whilst not expected to be cataclysmic, appears prolonged and will weigh on global markets for the foreseeable future as the EU have to deal with severe structural issues. We therefore expect investors' sentiment to be subdued for the remainder of the year punctuated with technical rebounds from time to time.

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 14 September 2012

(d) Books closure date

Notice is hereby given that the Transfer Books and Register of Members of the Company will be closed on 27 August 2012 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 24 August 2012, 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

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 June 2012 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
13 August 2012