



UOB-KAY HIAN HOLDINGS LIMITED

Financial Statements

And Dividend Announcement

For Third Quarter Ended 30 September 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					
	9 months ended 30/09/2012 S\$'000	9 months ended 30/09/2011 S\$'000	Increase / (Decrease) %	3 months ended 30/09/2012 S\$'000	3 months ended 30/09/2011 S\$'000	Increase / (Decrease) %
Revenue						
Commission income	172,329	221,019	(22.0)	58,303	71,075	(18.0)
Interest income	54,497	61,137	(10.9)	17,008	17,386	(2.2)
Dividend from quoted / unquoted securities	127	238	(46.6)	46	50	(8.0)
Other operating revenue	12,223	10,142	20.5	4,040	4,237	(4.6)
Total revenue	239,176	292,536	(18.2)	79,397	92,748	(14.4)
Foreign exchange gain	2,209	5,737	(61.5)	550	3,369	(83.7)
Total income	241,385	298,273	(19.1)	79,947	96,117	(16.8)
Costs and expenses						
Commission expenses	(42,774)	(56,830)	(24.7)	(14,031)	(19,636)	(28.5)
Personnel expenses	(68,473)	(78,485)	(12.8)	(23,074)	(25,373)	(9.1)
Depreciation and amortisation expenses	(7,631)	(7,108)	7.4	(2,583)	(2,392)	8.0
Allowance for impairment of trade debtors & bad debts written off	(298)	(2,413)	(87.7)	123	(342)	(136.0)
Net fair value gain / (loss) on financial assets / liabilities through profit or loss	2,962	(2,447)	(221.0)	888	(1,496)	(159.4)
Finance expenses	(15,834)	(19,714)	(19.7)	(2,792)	(4,679)	(40.3)
Other operating expenses	(41,700)	(39,156)	6.5	(13,349)	(13,124)	1.7
	(173,748)	(206,153)	(15.7)	(54,818)	(67,042)	(18.2)
Profit before tax	67,637	92,120	(26.6)	25,129	29,075	(13.6)
Income tax expense*	(10,460)	(16,479)	(36.5)	(4,347)	(5,454)	(20.3)
Profit after tax	57,177	75,641	(24.4)	20,782	23,621	(12.0)
Other comprehensive income (net of tax):						
Foreign currency translation difference	(21,678)	(438)	4,849.3	(11,179)	17,959	(162.2)
Available-for-sale financial assets	1,198	333	259.8	9	412	(97.8)
	(20,480)	(105)	19,404.8	(11,170)	18,371	(160.8)
Total comprehensive income for the period	36,697	75,536	(51.4)	9,612	41,992	(77.1)

*Over provision of taxation in respect of prior years in the 9 months ended 30 September 2012 is \$46,558. (9 months ended 30 September 2011: \$99,686)

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)

COMPREHENSIVE INCOME STATEMENT (continued)			The Group			
	9 months ended 30/09/2012 S\$'000	9 months ended 30/09/2011 S\$'000	Increase / (Decrease) %	3 months ended 30/09/2012 S\$'000	3 months ended 30/09/2011 S\$'000	Increase / (Decrease) %
Profit attributable to :						
Owners of the Company	55,984	74,446	(24.8)	20,400	23,152	(11.9)
Non-controlling interests	1,193	1,195	(0.2)	382	469	(18.6)
	57,177	75,641	(24.4)	20,782	23,621	(12.0)
Total comprehensive income attributable to:						
Owners of the Company	36,194	75,035	(51.8)	9,311	40,746	(77.1)
Non-controlling interests	503	501	0.4	301	1,246	(75.8)
	36,697	75,536	(51.4)	9,612	41,992	(77.1)

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 30/9/2012	As at 31/12/2011	As at 30/9/2012	As at 31/12/2011
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
<u>Current assets</u>				
Cash and bank balances	228,016	357,746	376	5,228
Outstanding contracts receivable	962,947	404,040	-	-
Trade receivables	1,450,049	1,229,849	-	-
Other financial assets, at fair value through profit or loss	32,656	30,149	-	-
Other current assets	30,175	22,873	31,939	19,778
Derivative financial instruments	4	14	-	-
Total current assets	2,703,847	2,044,671	32,315	25,006
<u>Non-current assets</u>				
Trade and other receivables	12,245	79,292	184	-
Goodwill	10,442	5,188	-	-
Subsidiaries	-	-	265,752	243,273
Financial assets, available-for-sale	19,338	13,821	-	-
Trading rights in Exchanges	773	97	-	-
Memberships in Exchanges	333	441	-	-
Property, plant and equipment	64,742	65,231	-	-
Deferred tax assets	1,409	724	-	-
Total non-current assets	109,282	164,794	265,936	243,273
Total assets	2,813,129	2,209,465	298,251	268,279
LIABILITIES AND EQUITY				
<u>Current liabilities</u>				
Outstanding contracts payable	889,028	377,162	-	-
Trade and other payables	80,178	96,646	91,579	18,743
Borrowings	380,114	308,752	-	-
Debts issued	347,033	295,711	-	-
Income tax payable	12,607	16,652	-	-
Derivative financial instruments	893	679	-	-
	1,709,853	1,095,602	91,579	18,743
<u>Non-current liability</u>				
Trade and other payables	3,581	3,636	-	-
Deferred tax liabilities	2,307	1,834	-	-
Total non-current liabilities	5,888	5,470	-	-
Total liabilities	1,715,741	1,101,072	91,579	18,743
<u>Equity</u>				
Capital, reserves and non-controlling interests				
Share capital	72,471	72,471	72,471	72,471
Reserves	(62,867)	(43,174)	-	-
Retained earnings	1,066,349	1,057,501	134,201	177,065
Equity attributable to owners of the Company	1,075,953	1,086,798	206,672	249,536
Non-controlling interests	21,435	21,595	-	-
Total equity	1,097,388	1,108,393	206,672	249,536
Total liabilities and equity	2,813,129	2,209,465	298,251	268,279
<u>Clients' trust / segregated accounts</u>				
Bank balances				
- with affiliated corporations	254,445	181,430	-	-
- with non-related banks	698,796	628,485	-	-
Margin with clearing houses	16,428	12,976	-	-
Less: Amounts held in trust	(969,669)	(822,891)	-	-
	-	-	-	-

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

	The Group			
	As at 30/09/2012		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	306,595	73,519	207,857	100,895
Amounts repayable after one year	-	-	-	-

As at period end, the Group had debts issued amounting to S\$347,032,986. 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\$306,595,373 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 30/09/2012 S\$'000	9 months ended 30/09/2011 S\$'000	3 months ended 30/09/2012 S\$'000	3 months ended 30/09/2011 S\$'000
Operating activities				
Profit before tax	67,637	92,120	25,129	29,075
Adjustments for:				
Depreciation expenses	7,631	7,108	2,583	2,392
(Gain) / Loss on disposal of property, plant and equipment	(7)	(21)	9	(2)
Dividend income from quoted / unquoted securities	(127)	(238)	(46)	(50)
Finance expenses	15,834	19,714	2,792	4,679
Exchange differences	(18,227)	(11,987)	(23,962)	7,359
Operating cash flow before working capital changes	72,741	106,696	6,505	43,453
Changes in operating assets and liabilities:				
Other financial assets / liabilities at fair value through profit or loss	(2,507)	(9,791)	(368)	(14,799)
Trade, outstanding contracts and other receivables	(658,495)	513,900	(142,640)	329,673
Trade, outstanding contracts and other payables	482,978	(230,831)	(6,006)	(195,339)
Cash (used in) / generated from operations	(105,283)	379,974	(142,509)	162,988
Interest paid	(15,834)	(19,714)	(2,792)	(4,679)
Income tax paid	(15,044)	(17,542)	(6,243)	(6,415)
Net cash (used in) / provided by operating activities	(136,161)	342,718	(151,544)	151,894
Investing activities				
Payments for property, plant and equipment	(3,836)	(2,532)	(1,786)	(625)
Net (payment for) / proceeds from disposal of financial assets, available-for-sale	(4,241)	3,998	(263)	-
Proceeds from disposal of property, plant and equipment	23	27	1	(3)
Acquisition of subsidiary	(6,697)	(14,848)	-	(14,848)
Payment to non-controlling interests for dividend	(255)	(246)	(1)	13
Dividends received from quoted / unquoted securities	127	238	46	50
Net cash used in investing activities	(14,879)	(13,363)	(2,003)	(15,413)
Financing activities				
Drawdown / (Repayment) of short-term bank loans	37,068	(283,226)	17,794	(71,841)
Dividends paid	(47,106)	(68,847)	(3,623)	(3,623)
Payment to non-controlling interests for additional interest in a subsidiary	(341)	(748)	12	(706)
Net cash (used in) / provided by from financing activities	(10,379)	(352,821)	14,183	(76,170)

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 30/09/2012 S\$'000	9 months ended 30/09/2011 S\$'000	3 months ended 30/09/2012 S\$'000	3 months ended 30/09/2011 S\$'000
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(2,605)	11,731	12,993	10,465
Net (decrease) / increase in cash and cash equivalents during the financial period	(164,024)	(11,735)	(126,371)	70,776
Cash and cash equivalents at beginning of the financial period	353,605	274,330	315,952	191,819
Cash and cash equivalents at end of the financial period	189,581	262,595	189,581	262,595

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

	The Group	
	As at 30/09/2012 S\$'000	As at 30/09/2011 S\$'000
Cash and bank balances	228,016	268,596
Less: Bank overdrafts	(38,435)	(6,001)
Cash and cash equivalents per consolidated cash flow statement	189,581	262,595

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 (loss) / 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

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 2012	72,471	1,563	(1,548)	2,127	(54,605)	1,080,629	1,100,637	21,600	1,122,237
Total comprehensive (loss) / 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
Total comprehensive (loss) / income for third quarter	-	(5)	-	(15)	(11,069)	20,400	9,311	301	9,612
Interim dividend for 2012 paid	-	-	-	-	-	(3,623)	(3,623)	-	(3,623)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	12	12
Payment of dividends by a subsidiary	-	-	-	-	-	-	-	(1)	(1)
Balance at 30 September 2012	72,471	1,531	(1,534)	2,261	(65,125)	1,066,349	1,075,953	21,435	1,097,388

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 (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 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 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 / (loss) 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

- 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 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
Total comprehensive income for third quarter	-	3,530	3,530
Interim dividend for 2012 paid	-	(3,623)	(3,623)
Balance at 30 September 2012	72,471	134,201	206,672

	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)(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 2012 31 December 2011

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 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			
	9 months ended 30/9/2012	9 months ended 30/09/2011	3 months ended 30/09/2012	3 months ended 30/09/2011
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	7.72 cents	10.27 cents	2.81 cents	3.19 cents
(ii) On a fully diluted basis	7.72 cents	10.27 cents	2.81 cents	3.19 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 30/9/2012	As at 31/12/2011	As at 30/9/2012	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	148.47 cents	149.96 cents	28.52 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

3Q12 vs 3Q11

Singapore and the regional markets experienced low trading volumes again this quarter. Commission income decreased from S\$71.1 million to S\$58.3 million, reflecting a decline of 18.0%, whilst interest and other operating income were relatively stable with little changes.

Commission and personnel expenses decreased 28.5% and 9.1% to S\$14.0 million and S\$23.1 million respectively. Commission to sales personnel were paid on a lower tier commensurate with lower brokerage income. Lower finance expenses were due to lower working capital requirements.

The Group recorded pre-tax profit of S\$25.1 million and after tax profit of S\$20.8 million, a decrease of 13.6% and 12.0% respectively.

9 months 12 vs 9 months 11

Commission and interest income declined 22.0% and 10.9% respectively on the back of lower trading volumes. Total income decreased by 19.1% to S\$241.4 million, in line with lower trading volumes. Total cost and expenses reduced by 15.7% to S\$173.7 million.

The Group recorded a profit before tax of S\$67.6 million and profit after tax of S\$57.2 million, representing decreases of 26.6% and 24.4% respectively.

Balance Sheet

The Group has net assets of S\$1.1billion as at 30 September 2012.

Included in the foreign currency translation reserve, there was a foreign currency translation loss of S\$21.7 million for the 9 months due to the appreciation of the Sing Dollar against the functional currencies of our overseas subsidiaries.

Other than the above, 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.

There was a broad based deterioration of investor sentiment globally during the quarter. The poor prevailing investor sentiment appear to have given way to emerging optimism as we saw a higher number of large listings in October in Singapore. We expect the fourth quarter's results to be bolstered by higher trading volumes.

Global markets remain uncertain although we see increasing optimism in Asian markets. We expect trading conditions for the next 12 months to be challenging.

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 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
7 November 2012