

# UOB KayHian

**UOB-KAY HIAN HOLDINGS LIMITED**

Financial Statements

And Dividend Announcement

For Second Quarter Ended 30 June 2009

(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)
	30/06/2009	30/06/2008	%	30/06/2009	30/06/2008	%
	SS'000	SS'000		SS'000	SS'000	
<b>Revenue</b>						
Commission income	149,824	178,210	(15.9)	104,064	73,141	42.3
Interest income	16,357	39,241	(58.3)	8,052	17,022	(52.7)
Dividend from quoted / unquoted securities	280	364	(23.1)	127	237	(46.4)
Other operating revenue	2,501	4,648	(46.2)	1,755	2,974	(41.0)
<b>Total revenue</b>	<b>168,962</b>	<b>222,463</b>	<b>(24.0)</b>	<b>113,998</b>	<b>93,374</b>	<b>22.1</b>
Foreign exchange gain	2,906	1,452	100.1	604	689	(12.3)
Realised gain on financial assets, available-for-sale	-	4,251	N.M.	-	-	N.M.
<b>Total income</b>	<b>171,868</b>	<b>228,166</b>	<b>(24.7)</b>	<b>114,602</b>	<b>94,063</b>	<b>21.8</b>
<b>Costs and expenses</b>						
Commission expenses	(41,989)	(41,610)	0.9	(30,597)	(17,315)	76.7
Personnel expenses	(42,531)	(60,863)	(30.1)	(24,054)	(24,623)	(2.3)
Depreciation and amortisation expenses	(1,241)	(1,266)	(2.0)	(635)	(637)	(0.3)
(Allowance) / write back on impairment of trade debtors & bad debts written off	(2,627)	(362)	625.7	(2,758)	364	(857.7)
Allowance for impairment in financial assets, available-for-sale	(1,447)	-	N.M.	(1,447)	-	N.M.
Net fair value gain / (loss) on financial assets/liabilities through profit or loss	2,617	(277)	(1,044.8)	2,316	(111)	(2,186.5)
Finance expenses	(1,799)	(7,852)	(77.1)	(849)	(2,176)	(61.0)
Other operating expenses	(33,864)	(28,044)	20.8	(17,568)	(13,726)	28.0
	<b>(122,881)</b>	<b>(140,274)</b>	<b>(12.4)</b>	<b>(75,592)</b>	<b>(58,224)</b>	<b>29.8</b>
<b>Profit before tax</b>	<b>48,987</b>	<b>87,892</b>	<b>(44.3)</b>	<b>39,010</b>	<b>35,839</b>	<b>8.8</b>
Income tax expense*	(8,147)	(14,935)	(45.5)	(6,553)	(6,376)	2.8
<b>Profit after tax</b>	<b>40,840</b>	<b>72,957</b>	<b>(44.0)</b>	<b>32,457</b>	<b>29,463</b>	<b>10.2</b>
<b>Other comprehensive income (net of tax):</b>						
Foreign currency translation difference	4,203	(16,751)	(125.1)	(11,570)	(9,105)	27.1
Available-for-sale financial assets	4,277	(17,347)	(124.7)	4,113	(1,629)	(352.5)
	<b>8,480</b>	<b>(34,098)</b>	<b>(124.9)</b>	<b>(7,457)</b>	<b>(10,734)</b>	<b>(30.5)</b>
<b>Total comprehensive income for the period</b>	<b>49,320</b>	<b>38,859</b>	<b>26.9</b>	<b>25,000</b>	<b>18,729</b>	<b>33.5</b>

\*Overprovision of taxation in respect of prior years in the 6 months ended 30 June 2009 is \$23,175. (6 months ended 30 June 2008: \$36,701)

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 30/06/2009	6 months ended 30/06/2008	Increase / (Decrease) %	3 months ended 30/06/2009	3 months ended 30/06/2008	Increase / (Decrease) %
	S\$'000	S\$'000		S\$'000	S\$'000	
<b>Profit attributable to :</b>						
Equity holders of the Company	40,639	72,325	(43.8)	32,193	29,166	10.4
Minority interests	201	632	(68.2)	264	297	(11.1)
	<b>40,840</b>	<b>72,957</b>	(44.0)	<b>32,457</b>	<b>29,463</b>	10.2
<b>Total comprehensive income attributable to:</b>						
Equity holders of the Company	48,767	39,016	25.0	24,823	19,509	27.2
Minority interests	553	(157)	(452.2)	177	(780)	(122.7)
	<b>49,320</b>	<b>38,859</b>	26.9	<b>25,000</b>	<b>18,729</b>	33.5

**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 30/6/2009 S\$'000	As at 31/12/2008 S\$'000	As at 30/6/2009 S\$'000	As at 31/12/2008 S\$'000
<b>ASSETS</b>				
<b><u>Current assets</u></b>				
Cash and cash equivalents	231,729	709,492	188	459
Outstanding contracts receivable	869,613	402,696	-	-
Trade receivables	895,762	664,306	-	-
Financial assets at fair value through profit or loss	25,415	1,844	-	-
Other current assets	17,727	19,996	59,611	59,070
Derivative financial instruments	10	5	-	-
	<u>2,040,256</u>	<u>1,798,339</u>	<u>59,799</u>	<u>59,529</u>
<b><u>Non-current assets</u></b>				
Investments				
- in subsidiaries	-	-	235,845	235,845
- in associates	104	109	-	-
Financial assets, available-for-sale	21,433	18,406	-	-
Trading rights in Exchanges	104	104	-	-
Memberships in Exchanges	235	228	-	-
Property, plant and equipment	55,895	43,359	-	-
Deferred income tax assets	335	304	-	-
Other non-current trade receivables	8,139	16,194	-	-
	<u>86,245</u>	<u>78,704</u>	<u>235,845</u>	<u>235,845</u>
<b>Total assets</b>	<b><u>2,126,501</u></b>	<b><u>1,877,043</u></b>	<b><u>295,644</u></b>	<b><u>295,374</u></b>
<b>LIABILITIES AND EQUITY</b>				
<b><u>Current liabilities</u></b>				
Outstanding contracts payable	760,725	357,961	-	-
Trade and other payables	80,658	227,954	126,327	75,701
Borrowings	300,433	305,983	-	-
Current income tax liabilities	15,362	14,383	65	145
Derivative financial instruments	4	2	-	-
	<u>1,157,182</u>	<u>906,283</u>	<u>126,392</u>	<u>75,846</u>
<b><u>Non-current liabilities</u></b>				
Deferred income tax liabilities	559	437	-	-
<b>Total liabilities</b>	<b><u>1,157,741</u></b>	<b><u>906,720</u></b>	<b><u>126,392</u></b>	<b><u>75,846</u></b>
<b><u>Equity</u></b>				
Share capital	72,471	72,471	72,471	72,471
Reserves	(546)	(8,674)	-	-
Retained earnings	883,000	893,091	96,781	147,057
	<u>954,925</u>	<u>956,888</u>	<u>169,252</u>	<u>219,528</u>
Minority interests	13,835	13,435	-	-
<b>Total Equity</b>	<b><u>968,760</u></b>	<b><u>970,323</u></b>	<b><u>169,252</u></b>	<b><u>219,528</u></b>
<b>Total liabilities and equity</b>	<b><u>2,126,501</u></b>	<b><u>1,877,043</u></b>	<b><u>295,644</u></b>	<b><u>295,374</u></b>
<b><u>Clients' trust / segregated accounts</u></b>				
Bank balances				
- with affiliated corporations	156,120	119,846	-	-
- with non-related banks	449,669	388,893	-	-
Margin with clearing houses	7,986	8,406	-	-
Less: Amounts held in trust	(613,775)	(517,145)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	The Group			
	As at 30/06/2009		As at 31/12/2008	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amounts repayable in one year or less, or on demand	96,999	203,434	51,622	254,361
Amounts repayable after one year	-	-	-	-

### Details of any collateral

Details of secured group borrowings are as follows:

- Bank overdrafts and short term loans of subsidiaries amounting to S\$96,999,155 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 30/06/2009	6 months ended 30/06/2008	3 months ended 30/06/2009	3 months ended 30/06/2008
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Operating activities</b>				
Profit before tax	48,987	87,892	39,010	35,839
Adjustments for:				
Depreciation and amortisation expenses	1,241	1,266	635	637
Gain on disposal of property, plant and equipment	-	(1)	-	-
Realised gain on sale of financial assets, available-for-sale	-	(4,251)	-	-
Dividend income from quoted / unquoted securities	(280)	(364)	(127)	(237)
Allowance for impairment in financial assets, available-for-sale	1,447	-	1,447	-
Interest income	(16,357)	(39,241)	(8,052)	(17,022)
Finance expenses	1,799	7,852	849	2,176
Exchange differences	4,089	(17,321)	(11,481)	(9,230)
Operating cash flow before working capital changes	40,926	35,832	22,281	12,163
Changes in operating assets and liabilities:				
Financial assets/liabilities at fair value through profit or loss	(23,571)	456	10,029	1,174
Trade, outstanding contracts and other receivables	(688,054)	689,426	(468,072)	266,326
Trade, outstanding contracts and other payables	255,470	(265,521)	23,772	(483,446)
Cash (used in) / generated from operations	(415,229)	460,193	(411,990)	(203,783)
Interest received	16,357	39,241	8,052	17,022
Interest paid	(1,799)	(7,852)	(849)	(2,176)
Income tax paid	(7,144)	(20,632)	(5,185)	(19,178)
<b>Net cash (used in) / provided by operating activities</b>	<b>(407,815)</b>	<b>470,950</b>	<b>(409,972)</b>	<b>(208,115)</b>
<b>Investing activities</b>				
Payments for property, plant and equipment	(13,708)	(10,874)	(8,188)	(10,492)
Proceeds from sale of financial assets, available-for-sale	-	4,675	-	(6)
Proceeds from disposal of property, plant and equipment	-	1	-	1
Payment for financial assets, available -for-sale	(89)	(3,312)	-	(1,295)
Payment to minority interest for dividend	(153)	(279)	(153)	(279)
Dividends received from quoted / unquoted securities	280	364	127	237
<b>Net cash used in investing activities</b>	<b>(13,670)</b>	<b>(9,425)</b>	<b>(8,214)</b>	<b>(11,834)</b>
<b>Financing activities</b>				
(Repayment) / Drawdown of short-term bank loans	(14,483)	(359,824)	190,333	292,716
Dividends paid	(50,730)	(86,168)	(50,730)	(86,168)
<b>Net cash (used in) / from financing activities</b>	<b>(65,213)</b>	<b>(445,992)</b>	<b>139,603</b>	<b>206,548</b>

**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 30/06/2009	6 months ended 30/06/2008	3 months ended 30/06/2009	3 months ended 30/06/2008
	S\$'000	S\$'000	S\$'000	S\$'000
Net (decrease) / increase in cash and cash equivalents during the financial period	(486,698)	15,533	(278,583)	(13,401)
Cash and cash equivalents at beginning of the financial period	708,724	122,257	500,609	151,191
<b>Cash and cash equivalents at end of the financial period</b>	<b>222,026</b>	<b>137,790</b>	<b>222,026</b>	<b>137,790</b>

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

	The Group	
	As at 30/06/2009	As at 30/06/2008
	S\$'000	S\$'000
Cash and bank balances	231,729	138,620
Less: Bank overdrafts	(9,703)	(830)
<b>Cash and cash equivalents per consolidated cash flow statement</b>	<b>222,026</b>	<b>137,790</b>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

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

	Share capital S\$'000	Statutory reserve S\$'000	Fair value reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total attributable to members of the company	Minority interests S\$'000	Total Equity S\$'000
<b>Balance at 1 January 2009</b>	72,471	1,351	7,990	(18,015)	893,091	956,888	13,435	970,323
Total comprehensive income for the first quarter	-	45	172	15,281	8,446	23,944	376	24,320
<b>Balance at 31 March 2009</b>	<b>72,471</b>	<b>1,396</b>	<b>8,162</b>	<b>(2,734)</b>	<b>901,537</b>	<b>980,832</b>	<b>13,811</b>	<b>994,643</b>
Final dividend for 2008 paid	-	-	-	-	(50,730)	(50,730)	-	(50,730)
Payment of dividends by a subsidiary	-	-	-	-	-	-	(153)	(153)
Total comprehensive income for the second quarter	-	(10)	4,102	(11,462)	32,193	24,823	177	25,000
<b>Balance at 30 June 2009</b>	<b>72,471</b>	<b>1,386</b>	<b>12,264</b>	<b>(14,196)</b>	<b>883,000</b>	<b>954,925</b>	<b>13,835</b>	<b>968,760</b>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. *(continued)*

**STATEMENT OF CHANGES IN EQUITY – THE GROUP** *(continued)*

	Share capital S\$'000	Statutory reserve S\$'000	Fair value reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total attributable to members of the company	Minority interests S\$'000	Total Equity S\$'000
<b>Balance at 1 January 2008</b>	72,471	1,384	27,804	(14,558)	874,138	961,239	14,677	975,916
Acquisition of additional interest in subsidiary	-	-	-	(4)	48	44	(44)	-
Total comprehensive income for first quarter	-	31	(15,784)	(7,899)	43,159	19,507	623	20,130
<b>Balance at 31 March 2008</b>	<b>72,471</b>	<b>1,415</b>	<b>12,020</b>	<b>(22,461)</b>	<b>917,345</b>	<b>980,790</b>	<b>15,256</b>	<b>996,046</b>
Final dividend for 2007 paid	-	-	-	-	(86,168)	(86,168)	-	(86,168)
Payment of dividends by a subsidiary	-	-	-	-	-	-	(279)	(279)
Total comprehensive income for second quarter	-	(105)	(1,619)	(7,933)	29,166	19,509	(780)	18,729
<b>Balance at 30 June 2008</b>	<b>72,471</b>	<b>1,310</b>	<b>10,401</b>	<b>(30,394)</b>	<b>860,343</b>	<b>914,131</b>	<b>14,197</b>	<b>928,328</b>

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. *(continued)*

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

	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
<b>Balance at 1 January 2009</b>	72,471	147,057	219,528
Total comprehensive income for first quarter	-	11	11
<b>Balance at 31 March 2009</b>	<b>72,471</b>	<b>147,068</b>	<b>219,539</b>
Final dividend for 2008 paid	-	(50,730)	(50,730)
Total comprehensive income for second quarter	-	443	443
<b>Balance at 30 June 2009</b>	<b>72,471</b>	<b>96,781</b>	<b>169,252</b>

	Share Capital S\$'000	Retained earnings S\$'000	Total S\$'000
<b>Balance at 1 January 2008</b>	72,471	175,234	247,705
Total comprehensive income for first quarter	-	211	211
<b>Balance at 31 March 2008</b>	<b>72,471</b>	<b>175,445</b>	<b>247,916</b>
Final dividend for 2007 paid	-	(86,168)	(86,168)
Total comprehensive income for second quarter	-	1,186	1,186
<b>Balance at 30 June 2008</b>	<b>72,471</b>	<b>90,463</b>	<b>162,934</b>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

NIL



**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding financial year.**

	<b>30 June 2009</b>	<b>31 December 2008</b>
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 2009 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 2008 except as disclosed in item 5 below.

**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.**

In the current financial period, the Group and Company adopted the FRS 1 (Revised) Presentation of Financial Statements.

In accordance with FRS 1 (Revised), a Comprehensive Income Statement for the Group and the Company had been presented.

The adoption of the FRS did not change the Group's and Company's accounting policies and there is no significant impact on the financial statements.

- 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 30/6/2009	6 months ended 30/06/2008	3 months ended 30/06/2009	3 months ended 30/06/2008
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	5.61 cents	9.98 cents	4.44 cents	4.02 cents
(ii) On a fully diluted basis	5.61 cents	9.98 cents	4.44 cents	4.02 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 30/6/2009	As at 31/12/2008	As at 30/6/2009	As at 31/12/2008
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on	131.77 cents	132.04 cents	23.35 cents	30.29 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

Riding on improved market sentiments, the Group recorded a 10.2% increase in net profit after tax of S\$32.5 million in 2<sup>nd</sup> quarter 2009 compared to S\$29.5 million in the corresponding quarter in 2008. For the 6 months ended 30 June 2009, the Group's net profit after tax was S\$40.8 million compared to S\$72.9 million for the corresponding period in the preceding year.

The Group benefitted from increased trading volumes in Singapore and regional markets this quarter. Commission income increased from S\$73.1 million in 2<sup>nd</sup> quarter 2008 to S\$104.1 million in 2<sup>nd</sup> quarter 2009, reflecting an improvement of 42.3%. Despite improving trading volumes, margin lending activities remained benign, causing interest and other operating income to remain low.

Total costs and expenses have risen with higher revenue. Commission and personnel expenses increased in line with commission income. The reduction in finance expenses was due to lower working capital requirements especially from reduced margin lending activity and softer interest rates. The increase in other operating expenses was mainly due to higher rental expenses.

### Balance Sheet

The Group maintained a healthy net asset value of S\$968.8 million as at 30 June 2009. The composition of Group balance sheet items, especially working capital items, between financial years/quarters are affected by trading volume.

Property, plant and equipment increased with the acquisition of land to develop an office building intended for the Group's use.

- 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 regional stock markets and other major bourses had a good rally in the 2<sup>nd</sup> quarter of 2009. This was due to rising investor confidence facilitated by better than expected corporate results, improving economic indicators and prevailing low interest rate environment.

With improving outlook toward a global recovery, we remain positive about our prospects. The downside remain with risks pertaining to possible policy changes particularly in People's Republic of China to rein in excessive liquidity made available to the share and property markets.

**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 15 September 2009

**(d) Books closure date**

Notice is hereby given that the Transfer Books and Register of Members of the Company will be closed on 28 August 2009 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 27 August 2009, 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**  
**13 August 2009**