

UOB KayHian

UOB-KAY HIAN HOLDINGS LIMITED

Financial Statements

And Dividend Announcement

For Third Quarter Ended 30 September 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					
	9 months ended	9 months ended	Increase / (Decrease)	3 months ended	3 months ended	Increase / (Decrease)
	30/09/2009	30/09/2008	%	30/09/2009	30/09/2008	%
	SS'000	SS'000		SS'000	SS'000	
Revenue						
Commission income	262,904	233,780	12.5	113,080	55,572	103.5
Interest income	27,118	58,108	(53.3)	10,761	18,866	(43.0)
Dividend from quoted / unquoted securities	429	371	15.6	149	6	2,383.3
Other operating revenue	7,470	10,878	(31.3)	4,969	6,231	(20.3)
Total revenue	297,921	303,137	(1.7)	128,959	80,675	59.9
Foreign exchange gain	4,865	3,351	45.2	1,959	1,897	3.3
Realised gain on financial assets, available-for-sale	-	4,251	N.M.	-	-	N.M.
Total income	302,786	310,739	(2.6)	130,918	82,572	58.6
Costs and expenses						
Commission expenses	(74,584)	(54,602)	36.6	(32,595)	(12,993)	150.9
Personnel expenses	(71,046)	(86,709)	(18.1)	(28,515)	(25,843)	10.3
Depreciation and amortisation expenses	(1,871)	(1,869)	0.1	(630)	(604)	4.3
Allowance on impairment of trade debtors & bad debts written off	(2,766)	(528)	423.9	(139)	(165)	(15.8)
(Allowance) / write back on impairment in financial assets, available-for-sale	(1,426)	-	N.M.	21	-	N.M.
Net fair value gain / (loss) on financial assets/liabilities through profit or loss	4,077	(1,325)	(407.7)	1,460	(1,047)	(239.4)
Finance expenses	(3,363)	(12,362)	(72.8)	(1,564)	(4,510)	(65.3)
Other operating expenses	(50,803)	(41,322)	22.9	(16,939)	(13,278)	27.6
	(201,782)	(198,717)	1.5	(78,901)	(58,440)	35.0
Profit before tax	101,004	112,022	(9.8)	52,017	24,132	115.6
Income tax expense*	(17,052)	(19,302)	(11.7)	(8,905)	(4,368)	103.9
Profit after tax	83,952	92,720	(9.5)	43,112	19,764	118.1
Other comprehensive income (net of tax):						
Foreign currency translation difference	(2,056)	(4,149)	(50.4)	(6,259)	12,602	(149.7)
Available-for-sale financial assets	8,312	(18,065)	(146.0)	4,035	(719)	(661.2)
	6,256	(22,214)	(128.2)	(2,224)	11,883	(118.7)
Total comprehensive income for the period	90,208	70,506	27.9	40,888	31,647	29.2

*Overprovision of taxation in respect of prior years in the 9 months ended 30 September 2009 is \$21,960. (9 months ended 30 September 2008: \$36,723)

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 30/09/2009	9 months ended 30/09/2008	Increase / (Decrease) %	3 months ended 30/09/2009	3 months ended 30/09/2008	Increase / (Decrease) %
	S\$'000	S\$'000		S\$'000	S\$'000	
Profit attributable to :						
Equity holders of the Company	83,332	91,975	(9.4)	42,693	19,650	117.3
Minority interests	620	745	(16.8)	419	114	267.5
	83,952	92,720	(9.5)	43,112	19,764	118.1
Total comprehensive income attributable to:						
Equity holders of the Company	89,622	71,214	25.8	40,855	32,198	26.9
Minority interests	586	(708)	(182.8)	33	(551)	(106.0)
	90,208	70,506	27.9	40,888	31,647	29.2

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 30/9/2009 S\$'000	As at 31/12/2008 S\$'000	As at 30/9/2009 S\$'000	As at 31/12/2008 S\$'000
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	288,047	709,492	76	459
Outstanding contracts receivable	1,358,680	402,696	-	-
Trade receivables	1,707,232	664,306	-	-
Financial assets at fair value through profit or loss	26,320	1,844	-	-
Other current assets	20,745	19,996	83,781	59,070
Derivative financial instruments	17	5	-	-
	<u>3,401,041</u>	<u>1,798,339</u>	<u>83,857</u>	<u>59,529</u>
<u>Non-current assets</u>				
Investments				
- in subsidiaries	-	-	235,845	235,845
- in associates	96	109	-	-
Financial assets, available-for-sale	25,669	18,406	-	-
Trading rights in Exchanges	103	104	-	-
Memberships in Exchanges	233	228	-	-
Property, plant and equipment	66,573	43,359	-	-
Deferred income tax assets	338	304	-	-
Other non-current trade receivables	3,975	16,194	-	-
	<u>96,987</u>	<u>78,704</u>	<u>235,845</u>	<u>235,845</u>
Total assets	<u>3,498,028</u>	<u>1,877,043</u>	<u>319,702</u>	<u>295,374</u>
LIABILITIES AND EQUITY				
<u>Current liabilities</u>				
Outstanding contracts payable	1,263,341	357,961	-	-
Trade and other payables	104,213	227,954	154,091	75,701
Financial liabilities at fair value through profit or loss	50	-	-	-
Borrowings	1,105,574	305,983	-	-
Current income tax liabilities	18,592	14,383	18	145
Derivative financial instruments	31	2	-	-
	<u>2,491,801</u>	<u>906,283</u>	<u>154,109</u>	<u>75,846</u>
<u>Non-current liabilities</u>				
Deferred income tax liabilities	608	437	-	-
Total liabilities	<u>2,492,409</u>	<u>906,720</u>	<u>154,109</u>	<u>75,846</u>
<u>Equity</u>				
Share capital	72,471	72,471	72,471	72,471
Reserves	(2,356)	(8,674)	-	-
Retained earnings	922,070	893,091	93,122	147,057
	<u>992,185</u>	<u>956,888</u>	<u>165,593</u>	<u>219,528</u>
Minority interests	13,434	13,435	-	-
Total Equity	<u>1,005,619</u>	<u>970,323</u>	<u>165,593</u>	<u>219,528</u>
Total liabilities and equity	<u>3,498,028</u>	<u>1,877,043</u>	<u>319,702</u>	<u>295,374</u>
<u>Clients' trust / segregated accounts</u>				
Bank balances				
- with affiliated corporations	237,473	133,656	-	-
- with non-related banks	556,334	375,083	-	-
Margin with clearing houses	7,275	8,406	-	-
Less: Amounts held in trust	(801,082)	(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 30/09/2009		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	503,817	601,757	51,622	254,361
Amounts repayable after one year	-	-	-	-

Details of any collateral

Bank overdrafts and short term loans of subsidiaries amounting to S\$503,816,517 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			
	9 months ended 30/09/2009 S\$'000	9 months ended 30/09/2008 S\$'000	3 months ended 30/09/2009 S\$'000	3 months ended 30/09/2008 S\$'000
	Operating activities			
Profit before tax	101,004	112,022	52,017	24,132
Adjustments for:				
Depreciation and amortisation expenses	1,871	1,869	630	604
Gain on disposal of property, plant and equipment	(23)	(8)	(23)	(7)
Realised gain on sale of financial assets, available-for-sale	-	(4,251)	-	-
Dividend income from quoted / unquoted securities	(429)	(371)	(149)	(6)
Allowance / (write back) on impairment in financial assets, available-for-sale	1,426	-	(21)	-
Interest income	(27,118)	(58,108)	(10,761)	(18,866)
Finance expenses	3,363	12,362	1,564	4,510
Exchange differences	(2,147)	(3,835)	(6,236)	13,483
Operating cash flow before working capital changes	77,947	59,680	37,021	23,850
Changes in operating assets and liabilities:				
Financial assets/liabilities at fair value through profit or loss	(24,426)	(492)	(855)	(948)
Trade, outstanding contracts and other receivables	(1,987,452)	1,130,043	(1,299,398)	440,617
Trade, outstanding contracts and other payables	781,668	(53,768)	526,198	211,753
Cash (used in) / generated from operations	(1,152,263)	1,135,463	(737,034)	675,272
Interest received	27,118	58,108	10,761	18,866
Interest paid	(3,363)	(12,362)	(1,564)	(4,510)
Income tax paid	(12,800)	(34,437)	(5,656)	(13,805)
Net cash (used in) / provided by operating activities	(1,141,308)	1,146,772	(733,493)	675,823
Investing activities				
Payments for property, plant and equipment	(25,032)	(38,720)	(11,324)	(27,846)
Proceeds from sale of financial assets, available-for-sale	-	4,695	-	20
Proceeds from disposal of property, plant and equipment	34	15	34	14
Payment for financial assets, available -for-sale	(221)	(3,448)	(132)	(136)
Payment to minority interests for dividend	(145)	(268)	8	11
Proceeds from associate on partial distribution of surplus funds	-	624	-	624
Payment to minority interests for additional interest in a subsidiary	(442)	-	(442)	-
Dividends received from quoted / unquoted securities	429	371	149	6
Net cash used in investing activities	(25,377)	(36,731)	(11,707)	(27,307)
Financing activities				
Drawdown / (Repayment) of short-term bank loans	780,605	(868,398)	795,088	(508,574)
Dividends paid	(54,353)	(89,791)	(3,623)	(3,623)
Net cash from / (used in) financing activities	726,252	(958,189)	791,465	(512,197)

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 30/09/2009	9 months ended 30/09/2008	3 months ended 30/09/2009	3 months ended 30/09/2008
	S\$'000	S\$'000	S\$'000	S\$'000
Net (decrease) / increase in cash and cash equivalents during the financial period	(440,433)	151,852	46,265	136,319
Cash and cash equivalents at beginning of the financial period	708,724	122,257	222,026	137,790
Cash and cash equivalents at end of the financial period	268,291	274,109	268,291	274,109

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

	The Group	
	As at 30/09/2009	As at 30/09/2008
	S\$'000	S\$'000
Cash and bank balances	288,047	277,563
Less: Bank overdrafts	(19,756)	(3,454)
Cash and cash equivalents per consolidated cash flow statement	268,291	274,109

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
Balance at 1 January 2009	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
Balance at 31 March 2009	72,471	1,396	8,162	(2,734)	901,537	980,832	13,811	994,643
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
Balance at 30 June 2009	72,471	1,386	12,264	(14,196)	883,000	954,925	13,835	968,760
Interim dividend for 2009 paid	-	-	-	-	(3,623)	(3,623)	-	(3,623)
Acquisition of additional interest in a subsidiary	-	16	-	12	-	28	(434)	(406)
Total comprehensive income for the third quarter	-	(11)	4,034	(5,861)	42,693	40,855	33	40,888
Balance at 30 September 2009	72,471	1,391	16,298	(20,045)	922,070	992,185	13,434	1,005,619

(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
Balance at 1 January 2008	72,471	1,384	27,804	(14,558)	874,138	961,239	14,677	975,916
Acquisition of additional interest in a subsidiary	-	-	-	(4)	48	44	(44)	-
Total comprehensive income for first quarter	-	31	(15,784)	(7,899)	43,159	19,507	623	20,130
Balance at 31 March 2008	72,471	1,415	12,020	(22,461)	917,345	980,790	15,256	996,046
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
Balance at 30 June 2008	72,471	1,310	10,401	(30,394)	860,343	914,131	14,197	928,328
Interim dividend for 2008 paid	-	-	-	-	(3,623)	(3,623)	-	(3,623)
Acquisition of additional interest in a subsidiary	-	13	-	5	(49)	(31)	42	11
Total comprehensive income for third quarter	-	47	(834)	13,335	19,650	32,198	(551)	31,647
Balance at 30 September 2008	72,471	1,370	9,567	(17,054)	876,321	942,675	13,688	956,363

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 2009	72,471	147,057	219,528
Total comprehensive income for first quarter	-	11	11
Balance at 31 March 2009	72,471	147,068	219,539
Final dividend for 2008 paid	-	(50,730)	(50,730)
Total comprehensive income for second quarter	-	443	443
Balance at 30 June 2009	72,471	96,781	169,252
Interim dividend for 2009 paid	-	(3,623)	(3,623)
Total comprehensive expense for third quarter	-	(36)	(36)
Balance at 30 September 2009	72,471	93,122	165,593

	Share Capital S\$'000	Retained earnings S\$'000	Total S\$'000
Balance at 1 January 2008	72,471	175,234	247,705
Total comprehensive income for first quarter	-	211	211
Balance at 31 March 2008	72,471	175,445	247,916
Final dividend for 2007 paid	-	(86,168)	(86,168)
Total comprehensive income for second quarter	-	1,186	1,186
Balance at 30 June 2008	72,471	90,463	162,934
Interim dividend for 2008 paid	-	(3,623)	(3,623)
Total comprehensive income for third quarter	-	265	265
Balance at 30 September 2008	72,471	87,105	159,576

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 2009 31 December 2008

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

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 September 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			
	9 months ended 30/9/2009	9 months ended 30/09/2008	3 months ended 30/09/2009	3 months ended 30/09/2008
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	11.50 cents	12.69 cents	5.89 cents	2.71 cents
(ii) On a fully diluted basis	11.50 cents	12.69 cents	5.89 cents	2.71 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 30/9/2009	As at 31/12/2008	As at 30/9/2009	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	136.91 cents	132.04 cents	22.85 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

Singapore and regional markets rallied strongly for quarter ended 30 September 2009 compared to a relatively quiet corresponding quarter in 2008. This resulted in 118.1% increase in profit after tax of S\$43.1 million for the quarter compared to S\$19.8 million in 2008 for the Group.

Commission income increased 103.5%, due mainly to an increase in trading volume, from S\$55.6 million in 3rd quarter 2008 to S\$113.1 million in 3rd quarter 2009. Financing activities on the other hand remain subdued, causing interest and other operating income to decrease.

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 lower financing activity and softer interest rates. The increase in other operating expenses was mainly due to higher rental expenses. However, we expect our rental to reduce with the relocation to our new office building on Anthony Road in October 2009.

Balance Sheet

The Group maintained a strong balance sheet with net asset value of S\$1 billion as at 30 September 2009. The composition of Group balance sheet items, especially working capital items, between financial years/quarters are impacted by relative trading volume.

Property, plant and equipment increased with the completion of our office building development 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 enjoyed a good rally in the 3rd 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.

We expect trading volume to moderate in the 4th quarter of 2009 after an extremely strong market performance in 3rd quarter. Barring any unforeseen circumstances, we expect the Group to remain profitable for the reporting financial year.

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.

Not applicable

BY ORDER OF THE BOARD

Wee Ee-chao
Managing Director
12 November 2009