

UOB KayHian

UOB-KAY HIAN HOLDINGS LIMITED

Financial Statements

And Dividend Announcement

For First Quarter Ended 31 March 2009

(Co. Ref. No. 200004464C)

These figures have not been audited.

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group		
	3 months ended 31/03/2009 S\$'000	3 months ended 31/03/2008 S\$'000	Increase / (Decrease) %
Revenue			
Commission income	45,760	105,069	(56.4)
Interest income	8,305	22,219	(62.6)
Dividend from quoted / unquoted securities	153	127	20.5
Other operating revenue	746	1,674	(55.4)
Total revenue	54,964	129,089	(57.4)
Foreign exchange gain	2,302	763	201.7
Realised gain on financial assets, available-for-sale	-	4,251	N.M.
Total income	57,266	134,103	(57.3)
Costs and expenses			
Commission expenses	(11,392)	(24,295)	(53.1)
Personnel expenses	(18,477)	(36,240)	(49.0)
Depreciation and amortisation expenses	(606)	(629)	(3.7)
Write back of / (allowance for) impairment of trade debtors & bad debts written off	131	(726)	(118.0)
Net fair value gain / (loss) on financial assets/liabilities through profit or loss	301	(166)	(281.3)
Finance expenses	(950)	(5,676)	(83.3)
Other operating expenses	(16,296)	(14,318)	13.8
	(47,289)	(82,050)	(42.4)
Profit before tax	9,977	52,053	(80.8)
Income tax expense*	(1,594)	(8,559)	(81.4)
Profit after tax	8,383	43,494	(80.7)
Attributable to :			
Equity holders of the Company	8,446	43,159	(80.4)
Minority interests	(63)	335	(118.8)
	8,383	43,494	(80.7)

*Overprovision of taxation in respect of prior years in the 3 months ended 31 March 2009 is \$6,885. (3 months ended 31 March 2008: \$59,283)

N.M. = Not Meaningful.

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 31/03/2009 S\$'000	As at 31/12/2008 S\$'000	As at 31/03/2009 S\$'000	As at 31/12/2008 S\$'000
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	507,279	709,492	219	459
Outstanding contracts receivable	807,358	402,696	-	-
Trade receivables	487,581	664,306	-	-
Financial assets at fair value through profit or loss	35,453	1,844	-	-
Other current assets	15,385	19,996	50,708	59,070
Derivative financial instruments	17	5	-	-
	<u>1,853,073</u>	<u>1,798,339</u>	<u>50,927</u>	<u>59,529</u>
<u>Non-current assets</u>				
Investments				
- in subsidiaries	-	-	235,845	235,845
- in associates	113	109	-	-
Financial assets, available-for-sale	18,710	18,406	-	-
Trading rights in Exchanges	109	104	-	-
Memberships in Exchanges	234	228	-	-
Property, plant and equipment	48,346	43,359	-	-
Deferred income tax assets	322	304	-	-
Other non-current trade receivables	12,838	16,194	-	-
	<u>80,672</u>	<u>78,704</u>	<u>235,845</u>	<u>235,845</u>
Total assets	<u>1,933,745</u>	<u>1,877,043</u>	<u>286,772</u>	<u>295,374</u>
LIABILITIES AND EQUITY				
<u>Current liabilities</u>				
Outstanding contracts payable	761,874	357,961	-	-
Trade and other payables	55,669	227,954	67,118	75,701
Financial liabilities at fair value through profit or loss	9	-	-	-
Borrowings	107,069	305,983	-	-
Current income tax liabilities	13,930	14,383	115	145
Derivative financial instruments	72	2	-	-
	<u>938,623</u>	<u>906,283</u>	<u>67,233</u>	<u>75,846</u>
<u>Non-current liabilities</u>				
Deferred income tax liabilities	479	437	-	-
Total liabilities	<u>939,102</u>	<u>906,720</u>	<u>67,233</u>	<u>75,846</u>
<u>Equity</u>				
Share capital	72,471	72,471	72,471	72,471
Reserves	6,824	(8,674)	-	-
Retained earnings	901,537	893,091	147,068	147,057
	<u>980,832</u>	<u>956,888</u>	<u>219,539</u>	<u>219,528</u>
Minority interests	13,811	13,435	-	-
Total Equity	<u>994,643</u>	<u>970,323</u>	<u>219,539</u>	<u>219,528</u>
Total liabilities and equity	<u>1,933,745</u>	<u>1,877,043</u>	<u>286,772</u>	<u>295,374</u>
<u>Clients' trust / segregated accounts</u>				
Bank balances				
- with affiliated corporations	166,432	119,846	-	-
- with non-related banks	491,158	388,893	-	-
Margin with clearing houses	6,695	8,406	-	-
Less: Amounts held in trust	(664,285)	(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 31/03/2009		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	82,576	24,493	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\$82,575,496 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	
	3 months ended 31/03/2009	3 months ended 31/03/2008
	S\$'000	S\$'000
Operating activities		
Profit before tax	9,977	52,053
Adjustments for:		
Depreciation and amortisation expenses	606	629
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	(153)	(127)
Interest income	(8,305)	(22,219)
Finance expenses	950	5,676
Exchange differences	15,570	(8,091)
Operating cash flow before working capital changes	18,645	23,669
Changes in operating assets and liabilities:		
Financial assets/liabilities at fair value through profit or loss	(33,600)	(718)
Trade, outstanding contracts and other receivables	(219,982)	423,100
Trade, outstanding contracts and other payables	231,698	217,925
Cash (used in) / generated from operations	(3,239)	663,976
Interest received	8,305	22,219
Interest paid	(950)	(5,676)
Income tax paid	(1,959)	(1,454)
Net cash provided by operating activities	2,157	679,065
Investing activities		
Payments for property, plant and equipment	(5,520)	(382)
Proceeds from sale of financial assets, available-for-sale	-	2,664
Payment for financial assets, available -for-sale	(89)	-
Dividends received from quoted / unquoted securities	153	127
Net cash (used in) / provided by investing activities	(5,456)	2,409
Financing activities		
Repayment of short-term bank loans	(204,816)	(652,540)
Net cash used in financing activities	(204,816)	(652,540)

- 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	
	3 months ended 31/03/2009	3 months ended 31/03/2008
	S\$'000	S\$'000
Net (decrease) / increase in cash and cash equivalents during the financial period	(208,115)	28,934
Cash and cash equivalents at beginning of the financial period	708,724	122,257
Cash and cash equivalents at end of the financial period	500,609	151,191

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

	The Group	
	As at 31/03/2009	As at 31/03/2008
	S\$'000	S\$'000
Cash and bank balances	507,279	172,188
Less: Bank overdrafts	(6,670)	(20,997)
Cash and cash equivalents per consolidated cash flow statement	500,609	151,191

- 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	Minority interests S\$'000	Total Equity S\$'000
Balance at 1 January 2009	72,471	1,351	7,990	(18,015)	893,091	13,435	970,323
Fair value gains on financial assets, available-for-sale	-	-	164	-	-	-	164
Currency translation differences	-	45	8	15,281	-	439	15,773
Net gain recognised directly in equity	-	45	172	15,281	-	439	15,937
Net profit / (loss) for the first quarter	-	-	-	-	8,446	(63)	8,383
Total recognized gain for the first quarter	-	45	172	15,281	8,446	376	24,320
Balance at 31 March 2009	72,471	1,396	8,162	(2,734)	901,537	13,811	994,643

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	Minority interests S\$'000	Total Equity S\$'000
Balance at 1 January 2008	72,471	1,384	27,804	(14,558)	874,138	14,677	975,916
Fair value (loss) / gains on financial assets, available-for-sale	-	-	(11,471)	-	-	4	(11,467)
Currency translation differences	-	31	(62)	(7,899)	-	284	(7,646)
Net gain/(loss) recognised directly in equity	-	31	(11,533)	(7,899)	-	288	(19,113)
Fair value gains transferred to income statement on realisation	-	-	(4,251)	-	-	-	(4,251)
Net profit for the first quarter	-	-	-	-	43,159	335	43,494
Total recognised gain/(loss) for the first quarter	-	31	(15,784)	(7,899)	43,159	623	20,130
Acquisition of additional interest in subsidiary	-	-	-	(4)	48	(44)	-
Balance at 31 March 2008	72,471	1,415	12,020	(22,461)	917,345	15,256	996,046

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
Net profit for the first quarter	-	11	11
Balance at 31 March 2009	72,471	147,068	219,539

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 2008	72,471	175,234	247,705
Net profit for the first quarter	-	211	211
Balance at 31 March 2008	<u>72,471</u>	<u>175,445</u>	<u>247,916</u>

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 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(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 31 March 2009 to be false or misleading in any material aspect.

On behalf 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 standard (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.

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 period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	The Group	
	3 months ended 31/03/09	3 months ended 31/03/08
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	1.17 cents	5.96 cents
(ii) On a fully diluted basis	1.17 cents	5.96 cents

- 7 **Net asset value (for the issuer and group) per ordinary share based on issued share capital 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 31/03/2009	As at 31/12/2008	As at 31/03/2009	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	135.34 cents	132.04 cents	30.29 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

Market sentiment continued to be weak in the first quarter of 2009 which has adversely affected trading volumes and corporate finance activities of the regional markets we operate in. Despite the extremely difficult conditions for global markets, the Group remained profitable by recording a profit after tax of \$8.4 million for the first quarter ended 31 March 2009 (2008: \$43.5 million).

The Group recorded revenue of \$57.3 million (2008: \$134.1 million) of which commission income contributed \$45.8 million (2008: \$105.1 million), a significant decrease from first quarter 2008. Commission payable and performance related personnel expenses decreased with lower commission income. The reduction in finance expense was due to lower working capital requirements. Our rental expenses in Singapore for first quarter 2009 have been substantially higher compared to first quarter 2008. Once we move to our new corporate headquarters, expected towards fourth quarter 2009, we expect our accommodation expenses to reduce.

Balance Sheet

The Group's financial health remains strong with net asset value of S\$994.6 million as at 31 March 2009. The composition of Group balance sheet items, especially working capital items, between financial years/quarters are sensitive to prevailing trading volume. Funding requirements reduced substantially due to lower borrowings required arising from the decline in trading and IPO activities in Singapore and Hong Kong.

Property, plant and equipment increased with the acquisition of land to develop an office building 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.

We have started to see a general improvement in investor sentiment globally in the current reporting period. If this is sustained, we will see higher trading volumes and deal flows which will improve the Group's profitability. Macro economic fundamentals are still fragile and further volatility could be expected which will affect sentiment and trading volumes in the next 12 months.

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/recommendeded, a statement to that effect.

No dividend has been declared / recommended for the quarter ended 31 March 2009

BY ORDER OF THE BOARD

Wee Ee-chao
Managing Director
15 May 2009