



**KIM ENG HOLDINGS LIMITED (Co. Reg. No. 198900204D)**

**Third Quarter Financial Statements for Period Ended 30 September 2009**

**1. GROUP INCOME STATEMENT**

	Note	<u>Quarter ended</u> <u>30/9/09</u>	<u>Quarter ended</u> <u>30/9/08</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Period Ended</u> <u>30/9/09</u>	<u>Period Ended</u> <u>30/9/08</u>	<u>Increase/</u> <u>(Decrease)</u>
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Revenue</b>							
Commission and trading income		117,158	54,483	115.0	242,230	216,934	11.7
Interest income		7,946	13,571	(41.4)	20,463	39,760	(48.5)
Gross dividend income		<u>1,155</u>	<u>1,372</u>	(15.8)	<u>5,681</u>	<u>3,420</u>	66.1
Operating income		126,259	69,426	81.9	268,374	260,114	3.2
Other gains - net	1(i)	<u>6,442</u>	<u>(8,832)</u>	172.9	<u>50,594</u>	<u>27,785</u>	82.1
<b>Total income</b>		<u>132,701</u>	<u>60,594</u>	119.0	<u>318,968</u>	<u>287,899</u>	10.8
<b>Costs &amp; expenses</b>							
Employee compensation		(34,123)	(19,409)	75.8	(85,524)	(76,062)	12.4
Depreciation		(2,190)	(2,245)	(2.4)	(6,662)	(6,957)	(4.2)
Bad debts written off		(11)	-	N.M.	(11)	-	N.M.
Other operating expenses		(46,062)	(28,465)	61.8	(111,216)	(102,274)	8.7
Write-back/(allowance) for impairment of trade & other debts		1,180	309	281.9	(6,022)	(900)	569.1
Impairment loss on financial assets, available-for-sale		(207)	(491)	(57.8)	(1,685)	(3,526)	(52.2)
Finance costs		<u>(1,848)</u>	<u>(2,238)</u>	(17.4)	<u>(4,313)</u>	<u>(7,135)</u>	(39.6)
		<u>(83,261)</u>	<u>(52,539)</u>	58.5	<u>(215,433)</u>	<u>(196,854)</u>	9.4
<b>Profit from operations</b>		<b>49,440</b>	<b>8,055</b>	513.8	<b>103,535</b>	<b>91,045</b>	13.7
Share of profits of associated companies		1,192	38	N.M.	2,758	570	383.9
<b>Profit before income tax</b>		<b>50,632</b>	<b>8,093</b>	525.6	<b>106,293</b>	<b>91,615</b>	16.0
Income tax expense	1(ii)	<u>(12,307)</u>	<u>(3,860)</u>	218.8	<u>(21,808)</u>	<u>(12,617)</u>	72.8
<b>Profit after income tax</b>		<b>38,325</b>	<b>4,233</b>	805.4	<b>84,485</b>	<b>78,998</b>	6.9
<b>Attributable to:</b>							
Equity holders of the Company		32,982	2,230	1,379.0	73,120	70,119	4.3
Minority interests		<u>5,343</u>	<u>2,003</u>	166.7	<u>11,365</u>	<u>8,879</u>	28.0
		<b>38,325</b>	<b>4,233</b>	805.4	<b>84,485</b>	<b>78,998</b>	6.9
<b>EARNINGS PER SHARE</b>							
Earnings per share on profit attributable to equity holders of the Company -				%			%
- Basic		5.72 cents	0.38 cents	1,405.3	12.67 cents	12.05 cents	5.1
- Diluted		5.71 cents	0.38 cents	1,402.6	12.66 cents	12.01 cents	5.4

N.M. - Not Meaningful

**NOTES TO THE GROUP INCOME STATEMENT**

1(i) Other gains included the following items:

	<u>Quarter ended 30/9/09</u> S\$'000	<u>Quarter ended 30/9/08</u> S\$'000	<u>Period ended 30/9/09</u> S\$'000	<u>Period ended 30/9/08</u> S\$'000
Realised gains on disposal of available-for-sale financial assets	1,395	1,568	14,838	10,757
Net fair value gain/(loss) on financial assets/liabilities held for trading	3,458	(13,247)	31,335	(24,254)
Net gain/(loss) on disposal of property, plant and equipment	22	2	(5)	73
Loss on partial disposal of interest in subsidiaries	(118)	(21)	(326)	(18)
Loss on disposal of interest in subsidiary	-	-	-	(290)
Gain on disposal of an associated company	-	-	-	46,125
Foreign currency exchange gain/(loss)-net	846	2,150	3,348	(6,080)
Sundry income	839	716	1,404	1,472
	<u>6,442</u>	<u>(8,832)</u>	<u>50,594</u>	<u>27,785</u>

1(ii) Income tax expense included over/(under) provision of taxation in respect of prior years:

	<u>Quarter ended 30/9/09</u> S\$'000	<u>Quarter ended 30/9/08</u> S\$'000	<u>Period ended 30/9/09</u> S\$'000	<u>Period ended 30/9/08</u> S\$'000
Income tax expense	(1,574)	58	(1,787)	156
Deferred income tax expense	-	-	2,568	-

**2. STATEMENT OF COMPREHENSIVE INCOME**

	<u>Quarter ended 30/9/09</u> S\$'000	<u>Quarter ended 30/9/08</u> S\$'000	<u>Group Period Ended 30/9/09</u> S\$'000	<u>Period Ended 30/9/08</u> S\$'000
<b>Profit after income tax</b>	<b>38,325</b>	<b>4,233</b>	<b>84,485</b>	<b>78,998</b>
<b>Other comprehensive income:</b>				
Exchange differences on translating foreign operations	(6,000)	15,605	3,774	(5,811)
Reclassification of currency translation reserve to income statement upon disposal of subsidiaries	31	81	133	1,912
Financial assets, available-for-sale				
- Fair value gains/(losses)	7,635	(9,847)	21,053	(16,962)
- Realised gains reclassified to income statement	(1,395)	(1,568)	(14,838)	(10,757)
Share of other comprehensive income of associates	537	(348)	1,006	(1,468)
Employee share option scheme:				
- Value of employee services	-	490	633	2,493
	<u>808</u>	<u>4,413</u>	<u>11,761</u>	<u>(30,593)</u>
<b>Total comprehensive income</b>	<b>39,133</b>	<b>8,646</b>	<b>96,246</b>	<b>48,405</b>
Total comprehensive income attributable to:				
- Equity holders of the Company	34,611	3,312	82,462	39,392
- Minority Interest	4,522	5,334	13,784	9,013
	<u>39,133</u>	<u>8,646</u>	<u>96,246</u>	<u>48,405</u>

## 3. BALANCE SHEETS as at

	<u>Group</u>		<u>Company</u>	
	<u>30/9/09</u> S\$'000	<u>31/12/08</u> S\$'000	<u>30/9/09</u> S\$'000	<u>31/12/08</u> S\$'000
<b>ASSETS</b>				
<b><u>Current assets</u></b>				
Cash and cash equivalents	294,940	475,545	885	25,185
Outstanding contracts receivable	764,968	243,618	-	-
Trade receivables	792,093	246,604	-	-
Financial assets, at fair value through profit or loss	144,389	67,333	-	-
Financial assets, available-for-sale	1,677	2,620	-	-
Derivative financial instruments	144	-	3	-
Amounts due from subsidiaries – non trade	-	-	78,517	117,373
Amounts due from associated companies – non trade	372	90	-	-
Other current assets	59,908	53,886	29	16
Development properties for sale	53,068	55,226	-	-
	<u>2,111,559</u>	<u>1,144,922</u>	<u>79,434</u>	<u>142,574</u>
<b><u>Non-current assets</u></b>				
Amounts due from subsidiaries – non trade	-	-	266,559	237,274
Other receivables	14,395	12,720	-	-
Membership in exchanges	202	196	-	-
Financial assets, available-for-sale	77,802	86,188	1,536	1,070
Financial assets, held-to-maturity	8,491	8,302	-	-
Investment in subsidiaries	-	-	180,633	180,974
Investment in associated companies	41,718	38,877	35,748	35,282
Property, plant and equipment	116,688	116,049	-	-
Goodwill	7,608	7,636	-	-
Deferred income tax assets	5,228	1,447	-	-
	<u>272,132</u>	<u>271,415</u>	<u>484,476</u>	<u>454,600</u>
<b>Total assets</b>	<u>2,383,691</u>	<u>1,416,337</u>	<u>563,910</u>	<u>597,174</u>
<b>LIABILITIES</b>				
<b><u>Current liabilities</u></b>				
Outstanding contracts payable	685,220	214,701	-	-
Trade payables	21,364	6,321	-	-
Financial liabilities, at fair value through profit or loss	1,578	-	-	-
Derivative financial instruments	46	4	-	-
Amount due to subsidiary – non trade	-	-	65,289	64,686
Amounts due to associated company – non trade	300	346	-	-
Other payables	86,809	62,848	684	572
Borrowings	463,249	63,629	-	-
Current income tax liabilities	22,149	13,837	236	502
	<u>1,280,715</u>	<u>361,686</u>	<u>66,209</u>	<u>65,760</u>
<b><u>Non-current liabilities</u></b>				
Amount due to subsidiaries – non trade	-	-	42,000	42,000
Borrowings	83,589	85,909	-	-
Deferred income tax liabilities	1,669	904	-	-
	<u>85,258</u>	<u>86,813</u>	<u>42,000</u>	<u>42,000</u>
<b>Total liabilities</b>	<u>1,365,973</u>	<u>448,499</u>	<u>108,209</u>	<u>107,760</u>
Clients' trust				
Bank balances	523,195	313,902	-	-
Less: Amounts held in trust	(523,195)	(313,902)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net assets</b>	<u>1,017,718</u>	<u>967,838</u>	<u>455,701</u>	<u>489,414</u>

	<b>Group</b>		<b>Company</b>	
	<u>30/9/09</u>	<u>31/12/08</u>	<u>30/9/09</u>	<u>31/12/08</u>
<b>EQUITY</b>	S\$'000	S\$'000	S\$'000	S\$'000
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	244,451	244,451	244,451	244,451
Treasury shares	(33,337)	(33,337)	(33,337)	(33,337)
Other reserves	78,916	68,753	50,332	49,866
Retained earnings	628,946	602,815	194,255	228,434
	918,976	882,682	455,701	489,414
Minority interests	98,742	85,156	-	-
Total equity	1,017,718	967,838	455,701	489,414

### ADDITIONAL INFORMATION

3(i) Aggregate amount of group's borrowings and debt securities

#### Amount repayable in one year or less, or on demand

As at 30/9/09		As at 31/12/08	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
\$	\$	\$	\$
2,524,759	460,724,350	1,442,928	62,185,825

#### Amount repayable after one year

As at 30/9/09		As at 31/12/08	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
\$	\$	\$	\$
60,858,044	22,731,250	62,796,822	23,112,500

Current bank borrowings of \$2,524,759 (2008: \$1,442,928) are secured by assigned receivables.

Non-current bank borrowings of \$60,858,044 (2008: \$62,796,822) are secured over development properties for sale and assigned receivables.

3(ii) Net asset value

	<b>Group</b>		<b>Company</b>	
	At 30/9/09	At 31/12/08	At 30/9/09	At 31/12/08
Net asset value per ordinary share	159.24 cents	152.95 cents	78.96 cents	84.81 cents

Based on share capital of 577,093,954 (2008: 577,093,954) ordinary shares as at end of the financial period (excluding treasury shares).

## 4. CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	<u>Quarter Ended 30/9/09</u> S\$'000	<u>Quarter ended 30/9/08</u> S\$'000	<u>Period Ended 30/9/09</u> S\$'000	<u>Period Ended 30/9/08</u> S\$'000
<b>Cash flows from operating activities</b>					
Profit after income tax		38,325	4,233	84,485	78,998
Adjustments for					
Income tax expense		12,307	3,860	21,808	12,617
Employee share option expense		-	490	633	2,493
Depreciation		2,190	2,245	6,662	6,957
Share of profits of associated companies		(1,192)	(38)	(2,758)	(570)
Net (gain)/loss on disposal of property, plant and equipment		(22)	(2)	5	(73)
Fixed assets written off		2	1	2	35
Loss on disposal of interest in subsidiary		-	-	-	290
Loss on partial disposal of interest in subsidiaries		118	21	326	18
Gain on disposal of an associated company		-	-	-	(46,125)
Net gain on sale of financial assets, available-for-sale		(1,395)	(1,568)	(14,838)	(10,757)
Impairment loss on financial assets, available-for-sale		207	491	1,685	3,526
Dividend income		(1,155)	(1,372)	(5,681)	(3,420)
Interest income		(7,946)	(13,571)	(20,463)	(39,760)
Finance costs		1,848	2,238	4,313	7,135
Currency exchange differences		4,737	(5,278)	397	4,910
		48,024	(8,250)	76,576	16,274
Change in working capital, net of effects from disposal of subsidiaries:					
Financial assets, at fair value through profit or loss		(25,146)	4,182	(77,250)	995
Trade and other receivables		(445,896)	93,328	(1,071,531)	339,399
Due from associated companies		156	11	(282)	4,450
Development properties for sale		6,977	9,786	2,158	8,218
Trade and other payables		153,645	(59,136)	509,513	(184,177)
Cash (used in)/generated from operations		(262,240)	39,921	(560,816)	185,159
Interest received		7,673	13,479	19,886	39,250
Dividend received		1,053	1,372	2,735	2,884
Income tax paid		(8,211)	(13,090)	(16,379)	(37,596)
<b>Net cash (used in)/provided by operating activities</b>		<b>(261,725)</b>	<b>41,682</b>	<b>(554,574)</b>	<b>189,697</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(6,122)	(2,560)	(7,183)	(6,919)
Proceeds from disposal of property, plant and equipment		178	6	183	297
Proceeds from disposal of financial assets, available-for-sale		3,974	7,339	58,225	34,719
Purchase of financial assets, available-for-sale		(452)	(2,018)	(30,548)	(5,515)
Proceeds from disposal of subsidiaries, net of cash disposed	4(ii)	-	-	-	(696)
Proceeds from partial disposal of interest in subsidiaries		1,672	1,334	8,296	2,680
Proceeds from disposal of an associated company		-	-	-	60,929
Dividend received from associated company		-	412	-	412
Dividends received from financial asset, available-for-sale		102	-	2,946	536
<b>Net cash (used in)/provided by investing activities</b>		<b>(648)</b>	<b>4,513</b>	<b>31,919</b>	<b>86,443</b>
<b>Cash flows from financing activities</b>					
Dividends paid to equity holders of the Company		-	-	(46,168)	(46,673)
Dividends paid to minority interests		(2,650)	(3,047)	(8,283)	(10,440)
Purchase of treasury shares		-	(8,713)	-	(8,713)
Shares repurchased by a subsidiary		-	-	(416)	-
Proceeds from bank loans		183,261	8,753	347,300	17,100
Proceeds from issue/(redemption) of medium term notes		50,000	(30,000)	50,000	(130,000)
Interest paid		(1,848)	(2,269)	(4,314)	(8,459)
Investment by minority interests		-	3,273	-	3,278
<b>Net cash provided by/(used in) financing activities</b>		<b>228,763</b>	<b>(32,003)</b>	<b>338,119</b>	<b>(183,907)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(33,610)</b>	<b>14,192</b>	<b>(184,536)</b>	<b>92,233</b>
Cash and cash equivalents at beginning of financial period		329,877	391,793	475,545	327,724
Effects of currency translation on cash and cash equivalents		(1,327)	11,299	3,931	(2,673)
<b>Cash and cash equivalents at end of financial period</b>	4(i)	<b>294,940</b>	<b>417,284</b>	<b>294,940</b>	<b>417,284</b>

4(i) For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalent as at 30 September 2008 included bank overdraft of \$14,589,000.

4(ii) Summary of effect of disposal of subsidiaries

	<u>Quarter Ended 30/9/09</u>	<u>Quarter ended 30/9/08</u>	<u>Period Ended 30/9/09</u>	<u>Period ended 30/9/08</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Cash & cash equivalents and identifiable net assets disposed	-	-	-	2,870
Less: Minority interest	-	-	-	(701)
Identifiable net assets disposed	-	-	-	2,169
Loss on disposal of subsidiary	-	-	-	(290)
Transfer from shareholders' equity-currency translation differences	-	-	-	295
	-	-	-	5
Cash proceeds from disposal	-	-	-	2,174
Less: Cash & cash equivalent of subsidiaries disposed	-	-	-	(2,870)
Net cash outflow on disposal	-	-	-	(696)

## 5. STATEMENT OF CHANGES IN EQUITY

<-----Attributable to equity holders----->

<b>GROUP</b>	<u>Share capital</u>	<u>Treasury shares</u>	<u>Fair value reserve</u>	<u>Foreign currency translation reserve</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total</u>	<u>Minority interest</u>	<u>Total Equity</u>
<b>2009</b>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2009</b>	244,451	(33,337)	(937)	(24,825)	94,515	602,815	882,682	85,156	967,838
Dividend paid	-	-	-	-	-	-	-	(5,315)	(5,315)
Shares repurchased by subsidiary	-	-	-	-	-	-	-	(416)	(416)
Partial disposal of investment in subsidiary	-	-	-	-	-	-	-	384	384
Total comprehensive income	-	-	(1,885)	14,473	357	2,783	15,728	4,621	20,349
Transfer between reserves	-	-	-	-	281	(281)	-	-	-
<b>Balance at 31 March 2009</b>	<b>244,451</b>	<b>(33,337)</b>	<b>(2,822)</b>	<b>(10,352)</b>	<b>95,153</b>	<b>605,317</b>	<b>898,410</b>	<b>84,430</b>	<b>982,840</b>
Dividend paid	-	-	-	-	-	(46,168)	(46,168)	(318)	(46,486)
Partial disposal of investment in subsidiaries	-	-	-	-	-	-	-	6,357	6,357
Total comprehensive income	-	-	2,329	(7,560)	-	37,354	32,123	4,641	36,764
Transfer between reserves	-	-	-	-	260	(260)	-	-	-
<b>Balance at 30 June 2009</b>	<b>244,451</b>	<b>(33,337)</b>	<b>(493)</b>	<b>(17,912)</b>	<b>95,413</b>	<b>596,243</b>	<b>884,365</b>	<b>95,110</b>	<b>979,475</b>
Dividend paid	-	-	-	-	-	-	-	(2,650)	(2,650)
Partial disposal of investment in subsidiaries	-	-	-	-	-	-	-	1,760	1,760
Total comprehensive income	-	-	6,777	(5,148)	-	32,982	34,611	4,522	39,133
Transfer between reserves	-	-	-	-	279	(279)	-	-	-
<b>Balance at 30 September 2009</b>	<b>244,451</b>	<b>(33,337)</b>	<b>6,284</b>	<b>(23,060)</b>	<b>95,692</b>	<b>628,946</b>	<b>918,976</b>	<b>98,742</b>	<b>1,017,718</b>

<-----Attributable to equity holders----->

GROUP	Share	Treasury	Fair	Foreign	Other	Retained	Total	Minority	Total
	capital	shares	value	currency	reserves	earnings		interest	Equity
2008	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2008</b>	244,451	(24,624)	30,982	(10,319)	91,810	579,133	911,433	85,163	996,596
Dividend paid	-	-	-	-	-	-	-	(7,169)	(7,169)
Investment by minority interests	-	-	-	-	-	-	-	5	5
Partial disposal of investment in subsidiary	-	-	-	-	-	-	-	1,320	1,320
Total comprehensive income	-	-	(17,221)	(5,298)	841	12,504	(9,174)	5,501	(3,673)
Transfer between reserves	-	-	-	-	180	(180)	-	-	-
<b>Balance at 31 March 2008</b>	<b>244,451</b>	<b>(24,624)</b>	<b>13,761</b>	<b>(15,617)</b>	<b>92,831</b>	<b>591,457</b>	<b>902,259</b>	<b>84,820</b>	<b>987,079</b>
Dividend paid	-	-	-	-	-	(46,673)	(46,673)	(224)	(46,897)
Disposal of investment in subsidiary	-	-	-	-	-	-	-	(701)	(701)
Partial disposal of investment in subsidiary	-	-	-	-	-	-	-	22	22
Total comprehensive income	-	-	320	(10,222)	(228)	55,385	45,255	(1,822)	43,433
Transfer between reserves	-	-	-	-	887	(887)	-	-	-
<b>Balance at 30 June 2008</b>	<b>244,451</b>	<b>(24,624)</b>	<b>14,081</b>	<b>(25,839)</b>	<b>93,490</b>	<b>599,282</b>	<b>900,841</b>	<b>82,095</b>	<b>982,936</b>
Dividend paid	-	-	-	-	-	-	-	(3,047)	(3,047)
Purchase of treasury shares	-	(8,713)	-	-	-	-	(8,713)	-	(8,713)
Investment by minority interests	-	-	-	-	-	-	-	3,256	3,256
Partial disposal of investment in subsidiary	-	-	-	-	-	-	-	1,372	1,372
Total comprehensive income	-	-	(11,763)	12,569	276	2,230	3,312	5,334	8,646
Transfer between reserves	-	-	-	-	75	(75)	-	-	-
<b>Balance at 30 September 2008</b>	<b>244,451</b>	<b>(33,337)</b>	<b>2,318</b>	<b>(13,270)</b>	<b>93,841</b>	<b>601,437</b>	<b>895,440</b>	<b>89,010</b>	<b>984,450</b>

COMPANY	Share	Treasury	Fair	Other	Retained	Total
	capital	shares	value	reserves	earnings	
2009	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2009</b>	244,451	(33,337)	(388)	50,254	228,434	489,414
Total comprehensive income	-	-	(55)	-	9,495	9,440
<b>Balance at 31 March 2009</b>	<b>244,451</b>	<b>(33,337)</b>	<b>(443)</b>	<b>50,254</b>	<b>237,929</b>	<b>498,854</b>
Dividend paid	-	-	-	-	(46,168)	(46,168)
Total comprehensive income	-	-	480	-	384	864
<b>Balance at 30 June 2009</b>	<b>244,451</b>	<b>(33,337)</b>	<b>37</b>	<b>50,254</b>	<b>192,145</b>	<b>453,550</b>
Total comprehensive income	-	-	41	-	2,110	2,151
<b>Balance at 30 September 2009</b>	<b>244,451</b>	<b>(33,337)</b>	<b>78</b>	<b>50,254</b>	<b>194,255</b>	<b>455,701</b>

COMPANY	Share	Treasury	Fair	Other	Retained	Total
	capital	shares	value	reserves	earnings	
2008	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2008</b>	244,451	(24,624)	1,202	50,254	257,108	528,391
Total comprehensive income	-	-	(559)	-	5,188	4,629
<b>Balance at 31 March 2008</b>	<b>244,451</b>	<b>(24,624)</b>	<b>643</b>	<b>50,254</b>	<b>262,296</b>	<b>533,020</b>
Dividend paid	-	-	-	-	(46,673)	(46,673)
Total comprehensive income	-	-	(430)	-	(1,897)	(2,327)
<b>Balance at 30 June 2008</b>	<b>244,451</b>	<b>(24,624)</b>	<b>213</b>	<b>50,254</b>	<b>213,726</b>	<b>484,020</b>
Purchase of treasury shares	-	(8,713)	-	-	-	(8,713)
Total comprehensive income	-	-	(137)	-	5,474	5,337
<b>Balance at 30 September 2008</b>	<b>244,451</b>	<b>(33,337)</b>	<b>76</b>	<b>50,254</b>	<b>219,200</b>	<b>480,644</b>

## Share Capital of Kim Eng Holdings Limited

	As at 30 September 2009		As at 31 December 2008	
	No. of shares	S\$	No. of shares	S\$
Issued and fully paid	600,082,954	244,451,177	600,082,954	244,451,177
Treasury shares	<u>(22,989,000)</u>	<u>(33,336,953)</u>	<u>(22,989,000)</u>	<u>(33,336,953)</u>
	<u>577,093,954</u>	<u>211,114,224</u>	<u>577,093,954</u>	<u>211,114,224</u>

There are no sales, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

### 6. AUDIT

- (i) Whether the figures have been audited or reviewed by, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the external auditors.

- (ii) Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

### 7. ACCOUNTING POLICIES

Except as disclosed in paragraph 8 below, 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.

### 8. CHANGES IN ACCOUNTING POLICIES

The Group and the Company adopted the new or revised FRS and Interpretations to FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2009.

The following are the new/revised FRS that are relevant to the Group and the Company:

FRS 1(Revised)	-	Presentation of Financial Statements
Amendments to FRS 23	-	Borrowing Costs
FRS 102	-	Share-Based Payment (Amendments relating to Vesting Conditions and Cancellations)
FRS 108	-	Operating Segments

The adoption of the above FRS did not result in any substantial change to the Group's and the Company's accounting policies nor any significant impact on the financial statements.

## 9. REVIEW OF GROUP PERFORMANCE

### Operating Profit & Expenses

#### **3Q09 vs. 3Q08**

The Group turned in a strong performance for the quarter under review, registering an 81.9% increase in operating income to \$126.3 million. The increase in Group operating income was mainly due to market volume increases in Singapore and Thailand stock markets in 3Q09. Coupled with marked-to-market gains on financial assets of \$3.5 million (3Q08: loss \$13.2 million), total income increased 119% to \$132.7 million.

In conjunction with the increase in total income, total expenses for 3Q09 increased 58.5% to \$83.3 million due to higher:

- a) commission expenses (which is part of other operating expenses); and
- b) employee compensation costs.

Overall, the Group achieved a profit after taxation of \$38.3 million in 3Q09, an increase of 805.4% over 3Q08.

#### **YTD September 09 vs. YTD September 08**

Group operating income increased marginally to \$268.4 million due to higher trading volumes in Singapore and Thailand stock markets. Other gains for this period were also higher despite the corresponding period's gain of \$46.1 million from disposal of an associated company. This was mainly due to marked-to-market gains on financial assets of \$31.3 million in the period ended 30 September 09 (YTD September 08: loss of \$24.3 million).

Commission expenses and employee compensation were higher in line with the increase in operating income. The Group also provided for impairment of trade receivables of \$6.0 million in the current period.

As a result, the Group made a profit after income tax of \$84.5 million, a 6.9% increase over the corresponding period.

### Balance Sheet

Net assets of the Group as at 30 September 2009 was higher at \$1.0 billion compared to \$967.8 million as at 31 December 2008.

Trade receivables, outstanding contracts receivable, financial assets at fair value through profit or loss, outstanding contracts payable and trade payables were all higher as a result of higher trading activities at end September 2009.

Borrowings were higher at the end of September 2009 due to an increase in working capital needs to support higher trading volumes as well as the increase in IPO financing in Hong Kong.

### Cash flow

The Group recorded net cash out flows of \$33.6 million in 3Q09 and \$184.5 million in the period ended 30 September 2009 due mainly to cash used in supporting the higher operating activities.

## 10. VARIANCE FROM PROSPECT STATEMENT

Not applicable.

**11. PROSPECTS**

We continue to see further signs of recovery in the global economy but remain cautious as to the outlook for the markets in the next year. Although sentiment has improved year to date, we believe the macroeconomic environment remains fragile and vulnerable. Although corporate earnings have improved generally, economic data is inconclusive as to whether there is a real recovery in the underlying economy. In the meantime, concerns of inflationary pressures may elicit premature policy responses by governments and central banks that could potentially derail any recovery.

**12. DIVIDEND****(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? No.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**13. If no dividend has been declared / recommended, a statement to that effect.**

No dividend has been declared or recommended for the quarter ended 30 September 2009.

**14. Confirmation pursuant to Rule 705(4) of the Listing Manual**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the third quarter and period ended 30 September 2009 to be false or misleading.

On behalf of the Board of Directors

Ronald Ooi  
Chairman and Chief Executive Officer

Ong Seng Gee  
Director

**BY ORDER OF THE BOARD**

Tan Cheh Imm Teresa  
Assistant Secretary

5 November 2009