

CIMB Securities (UK) Limited
Report and financial statements
31 December 2011

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COMPANIES HOUSE

CIMB Securities (UK) Limited

Directors

Asish Dey
Erwin Go
Carolina Swee Liang Chan
Julia Hashim

Secretary

Direct Control Limited

Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Bankers

Standard Chartered Bank
37 Gracechurch Street
London
EC3V 0BX

Registered office

27 Knightsbridge
London
SW1X 7YB

Registered number

2719607

CIMB Securities (UK) Limited
Report and financial statements
31 December 2011
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CIMB Securities (UK) Limited

Directors' report for the year ended 31 December 2011

The directors submit their report and the audited financial statements of CIMB Securities (UK) Limited ("the Company") for the year ended 31 December 2011

Principal activities and business review

The principal activity of the Company remains that of securities related business. The Company is authorised and regulated by the Financial Services Authority. The directors do not foresee any change in the Company's principal activity.

The major risk associated with the business is a severe down turn in the sale and purchase of financial securities and related services, in Asia.

The position and nature of the Company's relationship within the group sets the key performance indicator as the revenue generated in the Asian group resulting from the activities of CIMB Securities (UK) Limited.

The Company's directors believe that an analysis using other key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The directors consider that in the conditions prevailing during the period, the development of the Company's business and its financial position at the end of the period were satisfactory.

Financial risk management

Credit risk. The maximum exposure to credit risk is represented by the carrying amounts on the balance sheet. There are no material financial assets the Company considers past due. The cash balance is held with one credit institution. The board is aware of the concentration risk involved but the risk is considered to be low as the credit institution is stable. The board keeps the banking arrangements under constant and close review.

Capital risk. In order to maintain the capital structure of the Company, the Company may adjust the amount of dividend paid to the shareholders, the return of capital to shareholders, or the issue of new shares.

Results and dividends

The profit for the year of £88,639(2010: £98,571) will be transferred to reserves. The directors do not recommend the payment of a dividend.

The directors of the Company, all of whom have been directors for the whole of the year ended 31 December 2011 (unless otherwise stated) were:

Asish Dey
Erwin Go
Carolina Swee Liang Chan
Julia Hashim

Pillar 3

Regulatory disclosures required to be made by the rules of the Financial Services Authority in relation to risk management, capital adequacy and remuneration (Pillar 3 Disclosures) are included at the end of the Annual Report and financial statements. The Pillar 3 Disclosures are Unaudited.

CIMB Securities (UK) Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each of the directors serving at the time this report is approved, so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. The directors have taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Asish Dey, Director, 23 April 2012



CIMB Securities (UK) Limited

Independent auditors' report to the members of CIMB Securities (UK) Limited

We have audited the financial statements of CIMB Securities (UK) Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

CIMB Securities (UK) Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Andrew Hawkins (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London

~~28~~ April 2012

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CIMB Securities (UK) Limited

Profit and loss account for the year ended 31 December 2011

	Note	2011 £	2010 £
Turnover	2	2,752,055	2,721,211
Cost of sales	3	(1,508,441)	(1,748,875)
Gross profit		1,243,614	972,336
Administrative expenses		(1,112,563)	(842,755)
Operating profit		131,051	129,581
Interest receivable and similar income		6,725	4,978
Profit on ordinary activities before taxation	4	137,776	134,559
Tax on profit on ordinary activities	5	(49,137)	(35,988)
Profit for the financial year	11	88,639	98,571

The results of the Company relate solely to continuing activities

The Company has no recognised gains and losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents

CIMB Securities (UK) Limited

Notes to the financial statements for the year ended 31 December 2011

Balance sheet as at 31 December 2011

	Note	2011 £	2010 £
Fixed assets			
Tangible assets	6	12,929	-
Current assets			
Debtors	7	985,911	1,205,413
Cash at bank and in hand		1,726,973	1,574,122
		2,712,884	2,779,535
Creditors, amounts falling due within one year	8	(703,362)	(1,070,722)
Net current assets		2,009,522	1,708,813
Total assets less current liabilities		2,022,451	1,708,813
Provision for liabilities	9	(200,000)	-
Net assets		1,822,451	1,708,813
Capital and reserves			
Called up share capital	10	500,000	500,000
Capital contribution	11	24,096	18,227
Profit and loss account	11	1,298,355	1,190,586
Total shareholders' funds	11	1,822,451	1,708,813

The notes on pages 7 to 16 form an integral part of these financial statements

The financial statements on pages 5 to 16 were approved by the board of directors on 23 April 2012 and were signed on its behalf by


Asish Dey Director

CIMB Securities (UK) Limited

Registered No 2719607

CIMB Securities (UK) Limited

Notes to the financial statements for the year ended 31 December 2011

1 Accounting policies

Accounting convention

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable UK accounting standards. The material accounting policies have been applied consistently.

Income recognition

Income represents amounts due from group companies and is recognised on an accruals basis, over the period to which it relates.

Interest income

Interest income is accounted for on an accruals basis, over the period to which it relates.

Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. When assets are sold or retired, their cost and accumulated depreciation are removed from the accounts and any gain or loss resulting from their disposal is included in the profit and loss account.

Depreciation is calculated using the straight line method to write off the cost of the assets over their estimated useful lives. The estimated useful lives are as follows:

Furniture, fittings and leasehold improvements	-	3 years
Communication equipment	-	3 years
Computer equipment	-	3 years

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results stated in the financial statements. Deferred tax is provided at the tax rates expected to be in force when the timing difference reverses based on the rates which have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised to the extent it is considered more likely than not that they are recoverable.

Operating leases

Rentals on operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Pensions

The Company makes contributions to employees' personal pensions plans under a Defined Contribution scheme. Contributions are charged in the profit and loss account over the period to which they relate.

CIMB Securities (UK) Limited

Notes to the financial statements for the year ended 31 December 2011

Share based payments

Awards of share or options to directors and employees represent the grant, by the ultimate parent company, of rights related to shares of that parent company. The Company has no obligation to settle these transactions. In accordance with FRS 20 all such share based compensation is accounted for as equity-settled with a corresponding adjustment to capital contributions.

Awards are measured at fair value at the award date. Such fair values are measured using market price of shares or the Trinomial Model for options taking into account the terms and conditions upon which the awards were granted. The fair value is recognised as an expense over the vesting period and is adjusted only to reflect the actual number of options or shares which will vest, unless forfeiture is only due to share prices not achieving the threshold for vesting. The matching credit is treated as a capital contribution from the parent company, such contribution being reduced to the extent that the parent recharges the Company for the cost of the shares or options awarded. Any amounts of undistributed capital contribution are transferred to retained profit once the options or awards have been exercised or have expired.

Cash flow statement

The Company is exempt from the requirements to prepare a cash flow statement under Financial Reporting Standard 1, because a consolidated cash flow statement is included in the publicly available consolidated financial statements of its ultimate parent undertaking.

2 Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to another group undertaking and is attributable to one continuing activity, the introduction of securities related business to that fellow group undertaking. Excepting incidental amounts all turnover is generated in the Far East.

3 Costs of sales

Cost of sales represent staff costs as follows:

	2011	2010
	£	£
Wages and salaries	1,231,743	1,532,084
Social security costs	138,725	95,748
Other pension costs	112,974	108,450
Share based payments (Note 11)	24,999	12,593
	1,508,441	1,748,875

The average number of persons, including the directors, employed by the Company during the period was 9 (2010: 9).

Category of employees	2011	2010
	Number	Number
Administration	3	2
Sales	6	7
	9	9

CIMB Securities (UK) Limited

Notes to the financial statements for the year ended 31 December 2011

Directors' emoluments

	2011	2010
Aggregate Emoluments	382,604	650,186
Pension Contributions	43,950	40,883
Total Emoluments	426,554	691,069

Contributions payable into personal pension schemes for 2 directors (2010 3 directors) was £43,950 (2010 £40,883)

One of the directors (2010 One) exercised share options during the year. None of the directors (2010 Nil) were granted options during the year.

The emoluments of the highest paid director were

	2011 £	2010 £
Aggregate Emoluments	196,827	317,628
Pension Contribution	22,500	21,164
Total Emoluments	219,327	338,792

The highest paid director was not granted and did not exercise any share options during 2011 (2010 None)

4 Profit on ordinary activities before taxation

	2011 £	2010 £
Profit on ordinary activities is stated after charging:		
Auditors' remuneration for the audit of the financial statements	20,000	19,500
Depreciation of owned assets	6,465	-
Operating lease rentals – Land and buildings	123,828	143,192
– Office equipment	5,240	5,240

CIMB Securities (UK) Limited

Notes to the financial statements for the year ended 31 December 2011

5 Taxation on profit on ordinary activities

	2011 £	2010 £
UK corporation tax at 26.5% (2010 28%)	88,773	20,752
Total current tax	<u>88,773</u>	<u>20,752</u>
Deferred tax – origination and reversal of timing differences	(39,636)	15,236
	<u>49,137</u>	<u>35,988</u>

The tax assessed for the year is higher (2010 lower) the standard rate of corporation tax in the UK 26.5 (2010 28%). The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before tax	<u>137,776</u>	<u>134,559</u>
Profit on ordinary activities before tax multiplied by the standard rate in the UK of 26.5% (2010 28%)	36,511	37,676
Effects of		
Provision for liabilities not deductible for tax purposes	53,000	-
Expenses not deductible for tax purposes	8,677	6,568
Capital allowances claimed in excess of depreciation charged	(10,672)	(12,759)
Movement of share options in year	1,257	(10,733)
Current tax payable	<u>88,773</u>	<u>20,752</u>

CIMB Securities (UK) Limited

Notes to the financial statements for the year ended 31 December 2011

6 Tangible fixed assets

	Furniture and Fittings	Communication and Office Equipment	Computer Equipment	Total
	£	£	£	£
Cost				
At 31 December 2010	342,480	69,761	146,408	558,649
Additions/adjustments	-	-	19,394	19,394
At 31 December 2011	342,480	69,761	165,802	578,043
Depreciation				
At 31 December 2010	342,480	69,761	146,408	558,649
Charge for the year	-	-	6,465	6,465
At 31 December 2011	342,480	69,761	152,873	565,114
Net book amount				
At 31 December 2011	-	-	12,929	12,929
At 31 December 2010	-	-	-	-

The Company continues to make full use of fully depreciated furniture, communication, office and computer equipment

7 Debtors

	2011 £	2010 £
Due within one year		
Amount owed by group undertaking	751,739	1,032,440
Other debtors	49,099	39,579
Prepayments and accrued income	103,606	91,563
Deferred tax	81,467	41,831
	985,911	1,205,413

CIMB Securities (UK) Limited

Notes to the financial statements for the year ended 31 December 2011

The movements on the deferred tax account were as follows

	2011 £	2010 £
Opening Balance	41,831	57,067
Reversal - (Debit) to profit and loss account	(10,802)	(14,126)
Origination - Credit to profit and loss account	56,101	2,503
Effect of rate change 27% to 25% (2010 28% to 27%)	(5,663)	(3,613)
Closing Balance	81,467	41,831

	2011 £	2010 £
Timing differences arise on		
Depreciation on fixed assets and capital allowances claimed	25,725	36,910
Provision for liability not deductible for tax in current year	50,000	-
Share based payments	5,742	4,921
	81,467	41,831

The March 2012 Budget statement reduced the corporation tax rate to 24% from 25% from April 2012 but this change was not substantively enacted at the balance sheet date and it has not been reflected in these financial statements. The effect of this change will be to reduce the deferred tax asset by £3,259. Further reductions to the rate of corporation tax have been announced but have not been substantively enacted.

8 Creditors: amount falling due within one year

	2011 £	2010 £
Due within one year		
Amounts owing to group undertaking	15,738	44,698
Corporation tax	57,087	20,072
Other taxes and social security costs	120,414	26,052
Accruals including employer pension contributions £83,488 (2010 £59,621)	510,123	979,900
	703,362	1,070,722

CIMB Securities (UK) Limited

Notes to the financial statements for the year ended 31 December 2011

9 Other provisions

£200,000 (2010 Nil) has been provided in the year for an unresolved claim against the Company, which it is anticipated will be resolved within the calendar year

The Company has taken advantage of the provisions of paragraph 97 of Financial Reporting Standard 12 (FRS 12) issued by Accounting Standards Board, which allow it not to disclose further information regarding this claim, so as not to prejudice its position in any manner

10 Called up share capital

	2011 £	2010 £
Allotted, called up and fully paid		
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

11 Reconciliation of movements in shareholders' funds

	2011 (£)			
	Share capital	Capital contribution	Profit and loss account	Total
At 1 January	500,000	18,227	1,190,586	1,708,813
Profit for the year	-	-	88,639	88,639
Capital contribution relating to share based benefits	-	24,999	-	24,999
Capital contribution transferred to Profit and Loss account		(19,130)	19,130	-
At 31 December	<u>500,000</u>	<u>24,096</u>	<u>1,298,355</u>	<u>1,822,451</u>
	2010 (£)			
	Share capital	Capital contribution	Profit and loss account	Total
At 1 January	500,000	21,541	1,107,610	1,597,649
Profit for the year	-	-	98,571	98,571
Capital contribution relating to share based benefits	-	12,593	-	12,593
Capital contribution transferred to Profit and Loss account		(15,907)	15,907	-
At 31 December	<u>500,000</u>	<u>18,227</u>	<u>1,190,586</u>	<u>1,708,813</u>

Capital contributions were transferred to Profit and Loss Reserve in both 2011 and 2010 on exercise and expiry of share awards to employees

CIMB Securities (UK) Limited

Notes to the financial statements for the year ended 31 December 2011

12 Share based payments

Management Equity Scheme (MES)

This scheme was initiated as part of a performance linked compensation scheme by a substantial shareholder of the parent company. The scheme was initially launched on 1 March 2004 and the scheme was in force until 29 February 2012.

The eligibility for participation in the scheme was at the discretion of the Nomination and Remuneration Committee of the CIMB Group. Entitlements of eligible members of senior management are non-assignable and non-transferable whereby the Nomination and Remuneration Committee of the CIMB Group administers the scheme on behalf of the substantial shareholder. The entitlements granted vest in proportions across various exercised periods.

On 22 December 2008, the substantial shareholder of the parent company had approved the extension of the MES Scheme from 28 February 2009 to 29 February 2012. The MES will continue to be in force until 29 February 2012, after which the voting rights of unexercised balances will remain with the substantial shareholder of the Company.

The total number of entitlements granted to employees of the Company during the financial year is Nil units (2010 Nil units) and total number of entitlements outstanding as at year end is Nil units (2010 72,000 units). The total MES share-based expense recognised in the statement of income during the financial year amounted to £6,099 (2010 £12,593).

All entitlements have the same reference price of RM3.48 each. The weighted average remaining contractual life is Nil (2010 1.2 years). The fair value of each option award is estimated on the date of the grant using the Trinomial model. The Company believes that the use of the Trinomial model meets the fair value measurement objectives and reflects all substantive characteristics of the instruments being valued. The determination of the fair value of the share based payment award on the date of the grant using an option pricing model is affected by the parent's stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, the expected stock price volatility over the term of the awards, the actual and projected Employee Stock Option exercise behaviour and the risk free interest rate.

	2011		2010	
	No of options	Weighted	No of options	Weighted
Outstanding at 1 January	72,000	1.74	60,000	3.48
Granted during the period	-	-	-	-
Expired during the period	-	-	-	-
Exercised during the period	(72,000)	7.54	(24,000)	3.48
Additional shares as a result of the stock	-	-	36,000*	-
Outstanding at 31 December	-	1.74	72,000*	1.74
Exercisable at 31 December	-	-	-	-

* There was a two for one stock split on 20 May 2010, the number of share options has been adjusted accordingly to preserve their value to the beneficiary. As a result of the stock split the exercise price was reduced by half.

CIMB Securities (UK) Limited

Notes to the financial statements for the year ended 31 December 2011

Equity Ownership Plan ("EOP")

EOP was introduced on 01 April 2011 by the Group where the Group will grant ordinary shares of the parent company to selected employees in the Group, with a re-charge to the Company. Under EOP, earmarked portions of the variable remuneration of the selected employees of the Group will be utilised to purchase ordinary shares of the parent company from the open market, the purchased shares will be released progressively to the eligible employees at various dates subsequent to the purchase date, subject to continued employment. A fellow subsidiary company will act on behalf of the Group to administer the EOP and to hold the shares in trust up to the pre-determined transfer date. The eligibility of the participation in the EOP shall be at the discretion of the Compensation Review committee of the Group.

Upon termination of the employment other than retirement, disability or death, any unreleased shares will be disposed of at the market price and proceeds received will be donated to the CIMB Foundation on behalf of employees. In the event of retirement, disability or death of the eligible employee, the release of shares will be accelerated to the date of termination of the employment and the shares will be assigned to the designated beneficiary.

The total EOP share-based payment expense recognised in the statement of income during the financial year amounted to £18,900 2010 (NIL).

The weighted average fair value of shares awarded under EOP which were purchased over a period of 10 trading days was £4.39 per ordinary share, based on observable market price.

Movements in the number of the parent company ordinary shares awarded are as follows:

	2011
	Total shares
	(units '000)
At 1 January	-
Granted	17,231
Vested	(4,305)
Forfeited	-
31 December	<u>12,926</u>

CIMB Securities (UK) Limited

Notes to the financial statements for the year ended 31 December 2011

13 Financial commitments

At 31 December 2011 the Company had annual commitments under non-cancellable operating leases as follows

	Land and Buildings		Other	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Land and buildings				
Operating leases which expire				
Within one year				
Within two to five years	-	-	5	5
After five years	124	124	-	-
	<u>124</u>	<u>124</u>	<u>5</u>	<u>5</u>

14 Related party transactions

The directors have taken advantage of the exemption available in Financial Reporting Standard 8 from disclosing transactions with related parties, which are wholly owned members of the group

15 Immediate and ultimate parent undertakings

The Company's immediate parent undertaking, and the parent undertaking of the smallest group which prepares consolidated financial statements and of which the Company is a member, is CIMB Securities International Pte Ltd a company registered in Singapore

The Company's ultimate parent undertaking and ultimate controlling party, and the parent undertaking of the largest group which prepares consolidated financial statements and of which the Company is a member, is CIMB Group Holdings Berhad a company incorporated in Malaysia

Copies of the consolidated financial statements are available from the registered office of the Company