



G. K. GOH HOLDINGS LIMITED
Annual Report 2010



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BUA DELIMA (POME GRANATE)
PUNICA GRANATUM

THE WILLIAM FARQUHAR COLLECTION
OF NATURAL HISTORY DRAWINGS

CHAIRMAN'S STATEMENT





CHAIRMAN'S STATEMENT

Dear Fellow Shareholders

2010 turned out well for our Group, a welcome relief from the worst phases of the global financial crisis. We did well in terms of our investments in financial assets, while our subsidiaries and associates made good progress in different ways.

The Group's headline numbers showed revenue growth of 33% to S\$30.4 million, and a nine-fold increase in net profits to S\$29.4 million, the latter translating into earnings per share of 9.2 cents. Total comprehensive income rose by 100% to S\$29.8 million. Net asset value per share rose from 91.4 cents to 98.6 cents. Your directors have therefore recommended a first and final dividend of 3.0 cents per share, doubling the 1.5 cents paid last year.

The largest part of earnings came from investment income of S\$22.3 million, compared to S\$16.0 million in the previous year. This income was largely derived from short-term financial investments which totalled S\$66.8 million at the end of 2010. As in the previous year, we adopted a fairly conservative stance, with diverse investments spread across a number of investment themes, many of which worked in our favour during the year. With world markets having regained so much of their lost ground, and with so many potential macroeconomic and political risks in the global economy, it would not be prudent to assume that returns can be sustained at such levels in 2011.

G. K. Goh Financial Services (S) Pte Ltd ("GKGFS"), our foreign exchange and futures broking unit, reported a loss of S\$0.7 million for the year, significantly lower than the S\$1.6 million recorded in 2009. The annual figure masks a sharp turnaround following the launch of a new foreign exchange trading platform in October 2010. Having spent much of the year preparing for the launch, it was gratifying to see rapid acceptance of the product by some major clients, resulting in 4th

quarter profits of S\$1.7 million which helped to reverse much of the S\$2.4 million losses in the first three quarters. Whilst there has been a strong subsequent response from international competitors, GKGFS has started 2011 in the black, with some compression of margins and volumes. GKGFS management will seek to extend its customer reach and diversity, and has since launched the new trading platform to retail customers in Singapore, and to other wholesale clients in the region. It should be noted that GKGFS is a pure agency business and does not take principal risks in the forex market.

The Group also owns a number of shophouses along Tanjong Pagar Road in Singapore, acquired in 2008 for S\$26.3 million. In the midst of the crisis, we made a S\$2.6 million provision for potential diminution of value. This year, a valuation was commissioned in view of the subsequent strong recovery in Singapore property prices, and this has led to a reversal of the provision in the 2010 accounts. The shophouses were acquired as a hedge against sharply-rising rents, while having the potential for capital gains. These considerations remain valid today.

Associates

Associate contributions totalled S\$12.8 million, compared to a loss of S\$1.2 million last year. This leap is largely due to S\$6.8 million of attributable profits from our corporate services associate Boardroom Limited, but it should be noted that S\$3.6 million of this sum relates to a non-cash gain recorded when it acquired full ownership of its Australian share-registration associate, NewReg Pty Ltd. In addition, the Group recorded a realised profit of S\$2.9 million by accepting Boardroom's bid for its 17% stake in NewReg. Although the total cash profit was S\$4.9 million, an amount of S\$2.0 million was unrealised due to the fact that Boardroom is an associate and therefore the Group continues to have an indirect interest in NewReg.

CHAIRMAN'S STATEMENT (continued)

Boardroom's acquisition of NewReg was but the largest of a number of bolt-on acquisitions done in the past year as it has sought to broaden its geographical reach and the range of its services. Other acquisitions included a business services provider in China and a corporate secretarial business that belonged to a Singapore law firm. In the meantime, its core operations continue to generate a healthy return, and we anticipate that its corporate transformation will lead to greater returns over time.

Our largest single investment has been in Eastern & Oriental Bhd ("E&O"), well known for its ownership of Penang's legendary E&O Hotel. However, E&O's primary business is in property development in Malaysia's two largest cities, Kuala Lumpur and Penang. We continue to believe that E&O is fundamentally undervalued given the quality and scale of its development assets. Development sales have been robust in the past year, particularly at its flagship Seri Tanjung Pinang development in Penang, and we expect this to translate into a substantial increase in associate profits as the earnings are recognised over the next two years.

For 2010, E&O contributed S\$3.8 million to Group profits, compared to a crisis-blighted loss of S\$2.2 million in 2009.

We have two significant associates in the financial sector. Hong Kong-based Platinum Holdings Company Ltd provides corporate finance, broking and asset management services, and it benefited from stronger business flows in 2010, contributing earnings of S\$1.8 million (2009: S\$0.8 million).

In Singapore, private-equity manager Value Managers Ltd is in the process of winding down the portfolio of the Value Monetization Fund. Its impact on 2010 results was not significant, but we expect that the disposal of its remaining assets will in aggregate

contribute to profits upon realisation. These assets include foreign-worker dormitories in Singapore, a satellite-communications business, consumer products distribution and oil and gas services in Indonesia.

Balance Sheet

The Group balance sheet remains robust, with net current assets of S\$116.9 million. The steep increase in cash and trade creditors relates to increased margins placed by clients with GKGFS.

In order to hedge currency risks from some short-term investments denominated in foreign currencies, short-term US dollar borrowings worth S\$8.6 million have been drawn down. Further hedge-related borrowings may be taken out in 2011, but we will at all times maintain a prudent balance sheet.

The Year Ahead

Comments on individual businesses have been incorporated above. In aggregate, the Group expects to remain profitable, but the eventual results will continue to be substantially affected by investment returns.

Acknowledgements

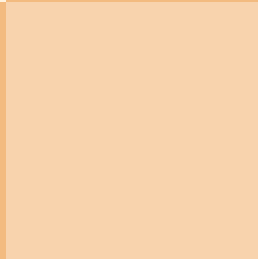
Recent years have seen an extraordinary degree of market volatility, and throughout this period I have benefited significantly from the advice of my very experienced Board of Directors. We have teams of dedicated staff in all our significant business lines, and I wish to express my gratitude for their unflagging efforts. Finally, I thank our business partners – co-investors, bankers, legal and professional advisers – and look forward to our continued engagement in existing as well as prospective investments.

Goh Geok Khim

Executive Chairman



BOARD OF DIRECTORS



BOARD OF DIRECTORS

Goh Geok Khim

Mr Goh Geok Khim has been Executive Chairman of the Company since his appointment as Director on 28 March 1990. He is a member of the Nominating Committee, and was last re-appointed on 26 April 2010.

Mr Goh started his career in his family's business, which was active in trading, rubber, property and manufacturing steel products. He left in 1968 to join the stockbroking industry, starting the G. K. Goh stockbroking group in 1979.

Mr Goh is Chairman of the Boards of Boardroom Limited, Temasek Foundation (CLG) Limited, The National Museum of Singapore and Federal Iron Works Sdn Bhd. He is also a member of the National Heritage Board and a non-executive director of Lam Soon (M) Bhd.

Mr Goh holds a Bachelor of Science degree in Civil Engineering from the University of Colorado.

Goh Yew Lin

Mr Goh Yew Lin has been an executive director of the Company since 28 March 1990, and was appointed as the Managing Director on 1 March 2008. He joined the G. K. Goh Group in 1984. He was last re-elected on 30 April 2005.

Mr Goh is an Alternate Director to Mr Goh Geok Khim for Boardroom Limited, and serves in a non-executive capacity on the Boards of Temasek Holdings Pte Ltd, CIMB Securities International Pte Ltd, Boyer Allan Holding Company Ltd and of various funds managed by Boyer Allan. He is Chairman of the Yong Siew

Toh Conservatory of Music at the National University of Singapore, Chairman of the Singapore Symphonia Company Ltd, Chairman of the NUS Investment Committee, and a member of the NUS Board of Trustees.

Mr Goh holds a Bachelor of Science (Economics) degree from the University of Pennsylvania's Wharton School.

Tang See Chim

Mr Tang See Chim has been an independent director of the Company since he was first appointed to the Board on 2 March 1995. He is a member of the Audit Committee and Chairman of the Nominating and Remuneration Committees. He was last re-appointed on 26 April 2010.

Mr Tang has been practising law for more than 40 years and since 1993, has been a consultant to the law firm of David Lim & Partners LLP. He was a Member of Parliament from 1966 to 1988 and was the Parliamentary Secretary to the Minister of Finance from 1968 to 1970. From 1970 to 1972, he was Minister of State for Finance. Thereafter, Mr Tang was Deputy Speaker of Parliament from 1972 to 1981.

Mr Tang is also an independent director of City Developments Ltd, Dutech Holdings Ltd and New Toyo International Holdings Ltd.

Mr Tang graduated with a Bachelor of Science (Honours) degree in Economics from the London School of Economics, University of London. Mr Tang qualified as a barrister-at-law at Middle Temple, London.



BOARD OF DIRECTORS (continued)

Lee Soo Hoon

Mr Lee Soo Hoon has been an independent director of the Company since 2 January 2002. He is currently Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. He was last re-elected on 26 April 2010.

Mr Lee worked as an auditor in the United Kingdom and on his return to Singapore, joined the predecessor firm of Ernst & Young. He was made partner of Ernst & Young in 1978 and Staff Partner for 5 years. Mr Lee currently manages a consultancy firm assisting companies in management and financial matters.

Mr Lee is also an independent director of CSE Global Ltd, Heatec Jietong Holdings Ltd, IPC Corporation Ltd, Transview Holdings Ltd, Estate and Trust Agencies (1927) Ltd, Kluang Rubber Company (M) Bhd, Kuchai Development Bhd and Sungei Bagan Rubber Company (M) Bhd.

Mr Lee is a Fellow Member of the Institute of Chartered Accountants of England and Wales, Institute of Certified Public Accountants of Singapore, Malaysian Institute of Certified Public Accountants, Malaysian Institute of Accountants and Singapore Institute of Directors.

Nicholas George

Mr Nicholas George was appointed as an independent director of the Company on 16 July 2004. He is a member of the Audit, Nominating and Remuneration Committees. He was last re-elected on 27 April 2009.

Mr George is a director of LGT Capital Partners (UK) Ltd, which acquired KGR Capital Management Ltd, a fund management company specializing in Asian Funds that Mr George co-founded in 2003. Mr George had previously worked for HSBC Securities where he was head of Corporate Broking in Asia. Prior to this, he was a managing director of J.P. Morgan Securities in Hong Kong and over the preceding twenty years, held senior positions at Jardine Fleming, BZW Securities and WI Carr Overseas, all relating to Asian broking and corporate finance activities. Mr George is a non-executive director of Millennium and Copthorne Hotels PLC and euNetworks Group Ltd.

Mr George is a Fellow Member of the Institute of Chartered Accountants of England and Wales.

Lim Keng Jin

Mr Lim Keng Jin has been a director of the Company since 28 March 1990. He was last re-appointed on 26 April 2010. He is considered independent with effect from 26 February 2009.

Mr Lim worked in an international accounting firm before joining the stockbroking industry in 1971. He joined G. K. Goh Securities (Pte) Ltd as a manager/dealer in 1979 and became a director in 1982. He retired as a director of G. K. Goh Stockbrokers Pte Ltd in 1998, but continues to be a dealer's representative in the Private Client Services division of CIMB Securities (Singapore) Pte Ltd. Mr Lim is Chairman of Multi-Chem Ltd.

Mr Lim is a Fellow Member of the Institute of Chartered Accountants of England and Wales.



KEY EXECUTIVES



KEY EXECUTIVES

Wong Joo Seng

Mr Wong Joo Seng is the Managing Director and Chief Executive Officer of G. K. Goh Financial Services (S) Pte Ltd (GKGFS), a wholly owned subsidiary of the Group incorporated in 1998. Mr Wong was instrumental in the set up of the unit and is responsible for overseeing the foreign exchange trading, financial & commodities brokerage and, since May 2006, the securities brokerage businesses of the Group.

Mr Wong was formerly Global Head for Foreign Exchange Options at the Bank of New Zealand (Wellington, NZ) and Vice President for Foreign Exchange and Precious Metals Options at Republic National Bank of New York, Singapore (now part of the HSBC Banking Group). Prior to his current appointment, Mr Wong was Head of Treasury at TLB (Tat Lee Bank) Bullion and Futures, the wholly owned derivative trading arm of the then Tat Lee Bank Group.

Mr Wong holds a Bachelor of Science Degree in Economics and Mathematics from the National University of Singapore.

Song Hock Seong, Melvyn

Mr Melvyn Song was appointed Executive Director of G. K. Goh Financial Services (S) Pte Ltd on 5 April 2005. He joined the Group in July 1999 and is currently responsible for all dealing activities and is primarily focused on developing the foreign exchange and leverage foreign exchange trading and futures brokerage businesses for the Group.

Mr Song was previously an assistant vice president in UOB, where he was the Floor Manager for UOB's derivative arm UOB Bullion and Futures Pte Ltd and was responsible for developing UOB's Futures and

Foreign Exchange margin trading business. Mr Song has been in the industry for more than twenty years having been engaged in the business since SIMEX commenced operations in 1984.

Mr Song holds a Diploma in Management Studies from the Singapore Institute of Management and a Diploma in Banking and Finance from the Institute of Banking and Finance.

Thomas Teo Liang Huat

Mr Thomas Teo joined the Company as its Chief Financial Officer on 12 April 2006. His executive responsibilities extend to financial and investment management as well as board representation on various subsidiaries and associates of the Group.

Prior to joining the Group, Mr Teo was a senior executive with a regional private equity group and was responsible for direct investments in the Asean region. He also represented the private equity group on the boards of various investee companies during his tenure. Prior to that, Mr Teo spent eight years with Ernst and Young, Singapore and has had extensive experience in audit and corporate finance.

Mr Teo is also an independent director of an Australian listed company, OM Holdings Limited, serving as its Audit Committee Chairman and a Remuneration Committee Member.

Mr Teo holds a Master of Business in Information Technology from the Royal Melbourne Institute of Technology and a Bachelor of Accountancy from the National University of Singapore. He is also a Fellow of the Institute of Certified Public Accountants of Singapore.

CORPORATE DATA

Board of Directors

Executive:

Goh Geok Khim (Executive Chairman)

Goh Yew Lin (Managing Director)

Non-Executive:

Nicholas George (Independent)

Lee Soo Hoon (Independent)

Lim Keng Jin (Independent)

Tang See Chim (Independent)

Audit Committee

Lee Soo Hoon (Chairman)

Nicholas George

Tang See Chim

Remuneration Committee

Tang See Chim (Chairman)

Lee Soo Hoon

Nicholas George

Nominating Committee

Tang See Chim (Chairman)

Goh Geok Khim

Lee Soo Hoon

Nicholas George

Secretaries

Tan Cher Liang

Tan San-Ju

Bankers

CIMB Bank Berhad

Citibank, N.A.

Deutsche Bank AG

J.P. Morgan Chase Bank, N.A.

Malayan Banking Berhad

Standard Chartered Bank

The Hongkong and Shanghai Banking

Corporation Limited

United Overseas Bank Limited

Registered Office

50 Raffles Place #33-00

Singapore Land Tower

Singapore 048623

Tel: (65) 6336 1888

Fax: (65) 6533 1361

Website: www.gkgoh.com

Share Registrar

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50 Raffles Place #32-01

Singapore Land Tower

Singapore 048623

Tel: (65) 6536 5355

Fax: (65) 6536 1360

Auditors

Ernst & Young LLP

One Raffles Quay

North Tower, Level 18

Singapore 048583

Audit Partner-in-charge

Nagaraj Sivaram (since 2010)



GROUP STRUCTURE

AS AT 31 DECEMBER 2010

Singapore

Cacona Pte Ltd (100%)
Calamus Pte Ltd (100%)
Canistel Pte Ltd (100%)
G. K. Goh Capital Pte Ltd (100%)
G. K. Goh Financial Services (S) Pte Ltd (100%)
G. K. Goh Nominees Pte Ltd (100%)
G. K. Goh Strategic Holdings Pte Ltd (100%)
Salacca Pte Ltd (100%)
Saliendra Pte Ltd (100%)
Solanum Investment Pte Ltd (100%)
Perilla Pte Ltd (100%)
Boardroom Limited (33%)

Malaysia

Eastern & Oriental Berhad (13%)

British Virgin Islands

Ample Echo Limited (100%)
Ardisia Limited (100%)
Value Manager Limited (50%)
Value Monetization Limited (31%)

Cayman Islands

Bromius Capital Limited (20%)

Philippines

G. K. Goh Securities (Philippines) Inc. (100%)

Hong Kong

Platinum Holdings Company Limited (22%)

Australia

AG Fund Pty Ltd (50%)

CORPORATE OFFICES

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Singapore 048623

Tel: (65) 6336 1888

Fax: (65) 6533 1361

G. K. Goh Financial Services (S) Pte Ltd Member of SGX-DT

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Singapore 048623

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Fax: (65) 6225 2563

CORPORATE GOVERNANCE



CORPORATE GOVERNANCE

The Board and Management of the G. K. Goh Group continue to uphold the highest standards of corporate governance and confirms compliance with the principles contained in the Code of Corporate Governance (the “Code”) 2005.

This report outlines the Company’s corporate governance practices and activities for the financial year.

BOARD MATTERS

The Board’s conduct of affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

The principal functions of the Board are to:

- Supervise the management of the business and affairs of the Group;
- Approve the Group’s strategic plans, key operational initiatives, major investments, disposals and funding decisions;
- Identify the Group’s business risks and ensure the implementation of appropriate systems to manage these risks;
- Monitor and review the Group’s financial performance;

- Review management performance;
- Approve the nominations and re-election of Directors to the Board and the appointment of key personnel; and
- Assume responsibility for corporate governance.

The Board is assisted in its duties by Board committees, specifically, the Audit Committee (“AC”), the Remuneration Committee (“RC”) and the Nominating Committee (“NC”). The day-to-day management functions are performed by senior executives, headed by the Managing Director.

Matters that are specifically reserved for the Board’s decisions include, in particular, interested person transactions, material acquisitions and disposals of assets, corporate or financial restructuring, share issuances and dividend payments to shareholders, and other transactions of a material price sensitive nature requiring announcement under the listing rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”). The Board, based on the AC’s recommendation, approves the quarterly and full year financial results for release to the SGX-ST.

The Board meets at least four times a year. Ad hoc meetings are convened as and when circumstances require. The Company’s Articles of Association provides for Directors to participate in Board meetings by conference telephone and similar means of communication. The Directors’ attendances at Board and committee meetings are disclosed at the end of this report.



CORPORATE GOVERNANCE (continued)

Non-Executive Directors are routinely briefed by the Executive Directors or senior managers at Board meetings or separate sessions, and provided with all necessary updates on regulatory and policy changes as well as developments affecting the Company and the Group. All Non-Executive Directors may request for additional information from the Executive Directors, Management and/or the Company Secretary to familiarise themselves with the Group's business and have access to Executive Directors, Management and the Company Secretary.

Any newly appointed Directors will be briefed on the Group's operations and furnished with information and updates on the Group's corporate governance practices at the time of appointment as well as the latest updates in laws and regulations affecting the Group's business.

Board composition and balance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board consists of six members, four of whom are independent and non-executive. The independent Non-Executive Directors are Mr Nicholas George, Mr Lee Soo Hoon, Mr Lim Keng Jin and Mr Tang See Chim.

The independence of each Director is reviewed annually by the NC. The NC, which has adopted the definition in the Code of what constitutes an independent Director in its review of the independence of each Director for the year 2010, confirms that independent directors made up at least one-third of the Board.

Members of the Board include seasoned professionals in stockbroking, investment, financial, accounting and legal fields. The profiles of the Directors are on pages 6 to 7 of the Annual Report.

The NC is of the view that the current Board comprises persons who, as a group, provide the necessary core competencies and that the current Board size is appropriate, taking into consideration the nature and scope of the Group's operations.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities at the top of the company - the working of the Board and the executive responsibility of the company's business - which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

As recommended by the Code, the Chairman and Chief Executive Officer ("CEO") are separate persons. Mr Goh Yew Lin, the son of Mr Goh Geok Khim, is the Managing Director of the Company, while Mr Goh Geok Khim is the Executive Chairman.

As the Executive Chairman and the Managing Director are related, Mr Lee Soo Hoon, Chairman of the AC, has been appointed as the lead independent Director. The lead independent Director's role is to be available to shareholders when they have concerns, which contact through the normal channels of the Chairman, Managing Director or the Chief Financial Officer has failed to resolve or for which such contact is inappropriate.

The Chairman ensures that Board meetings are held when necessary and sets the Board meeting agenda. The Chairman reviews all Board papers before they

CORPORATE GOVERNANCE (continued)

are presented to the Board and ensures that Board members are provided with complete, adequate and timely information. Management staff who have prepared the papers, or who can provide additional insight in the matters to be discussed, are sometimes invited to present the papers or attend during the Board meeting.

The Chairman ensures that procedures are introduced to provide Directors with timely and comprehensive analyses necessary for exercising informed judgement and decisions. The Chairman also ensures that the members of the Board work together with the Management team, and have the capability and moral authority to engage Management in constructive debate on various matters, including strategic issues and business planning processes.

Board membership

Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board.

The NC comprises four members, three of whom are independent Non-Executive Directors. The Chairman of the NC, Mr Tang See Chim, is an independent Director.

Based on the written terms of reference approved by the Board, the principal functions of the NC are to:

- Review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary;

- Identify and nominate for the approval of the Board, candidates to fill board vacancies as and when they arise;
- Determine annually the independence of a Director;
- Review the ability of a Director to adequately carry out his duties as Director when he has multiple board representations;
- Recommend to the Board the re-election by shareholders of any Director under the 'retirement by rotation' provisions in the Company's Articles of Association; and
- Assess the effectiveness of the Board as a whole.

The Company's Articles of Association provide for the retirement by rotation of Directors other than a Managing Director at each Annual General Meeting. The Board believes that as the success of the Company is dependent on the experience and capability of the Managing Director, it is not necessary for the present to include the Managing Director (who is also a controlling shareholder) for periodic retirement by way of rotation, and this would not undermine the corporate governance processes.

The NC reviews and recommends all director appointments. Candidates may be put forward or sought through contacts and recommendations. The selection of candidates is evaluated taking into account various factors including the relevant expertise of the candidates and their potential contributions to the current and mid-term needs and goals of the Group. The independence of each Director is reviewed upon appointment, and thereafter annually, by the NC.



CORPORATE GOVERNANCE (continued)

Board performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

Based on the recommendations by the NC, the Board has established processes and objective performance criteria for evaluating the effectiveness of the Board as a whole. The performance criteria include evaluation in respect of board size and composition, board processes, board information and accountability, and board performance in relation to discharging its principal functions and responsibilities.

Each Board member is required to complete a board appraisal form. The Chairman of the NC collates the completed forms and prepares a consolidated report for the Board. In consultation with the NC, the Chairman would act on the results of the performance evaluation with a view to strengthening the Board with new members and/or seeking resignation of directors where appropriate. Although the Directors are not evaluated individually, the factors taken into consideration for the re-nomination of the Directors for the current year are based on the Directors' attendance at meetings held during the year and the contribution made by the Directors at the meetings.

The Board is of the view that the financial indicators set out in the Code as performance criteria for the evaluation of Directors' performance are more a measure of Management's performance and hence less appropriate for Directors. Such financial indicators also may not necessarily fully measure the long-term

success and value creation of the Company. The NC is of the view that further evaluations of the objective appraisal of the Board may involve cost which could be better used elsewhere in the business operations.

Access to information

Principle 6: In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

The Directors have separate, independent access to the Company Secretary and Management at all times. The Company Secretary attends all Board meetings. Prior to each meeting, the Board members are provided with the agenda, reports and up-to-date information in regards to the Company's operations in preparation for each meeting. Where necessary, the Company will, upon the request of the Directors, provide them with independent professional advice, at the Company's expense, to enable them to discharge their duties. The Company Secretary assists the Directors in obtaining such advice.

All Directors are provided with monthly performance reports.

REMUNERATION MATTERS

Level and mix of remuneration

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

CORPORATE GOVERNANCE (continued)

Disclosure of remuneration

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

Procedures for developing remuneration policies

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remunerative policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

The RC comprises three members, all of whom are independent Non-Executive Directors. Mr Tang See Chim is the Chairman of the RC.

Based on the written terms of reference approved by the Board, the principal functions of the RC are to:

- Review and submit to the Board a framework of remuneration policies for Executive and Non-Executive Directors, and senior management;
- Review and submit to the Board the specific remuneration packages and terms of employment of each Director and senior management, covering all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind; and
- Review and submit to the Board the setting up of share option schemes or long term incentive schemes.

As part of its review, the RC will take into consideration the salary and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individual Directors and senior Management. The RC, in carrying out its tasks, has access to professional advice on human resource matters whenever there is a need to consult externally.

The two Executive Directors are under service contracts. The contracts are for a period of five years and are reviewed annually. The RC reviews the service contracts and any revisions are subject to their approval.

Directors' fees are set in accordance with a remuneration framework comprising basic fees and attendance fees. Executive Directors do not receive Directors' fees. Non-Executive Directors are paid Directors' fees, subject to the approval of shareholders at the Annual General Meeting.

The Company adopts a remuneration policy for staff comprising of a fixed component in the form of a base salary. The variable component is in the form of a bonus that is given to the staff after the financial year-end and is linked to the Company's and the individual's performance. The Company currently does not operate any share-based incentive schemes for employees.



CORPORATE GOVERNANCE (continued)

The remuneration of Directors for the year is set out below:

Directors	Salary %	Bonus %	Fees %	Other Benefits %	Total %
\$2,000,000 to below \$2,250,000					
Goh Geok Khim	30	69	–	1	100
Goh Yew Lin	24	73	–	3	100
Below \$250,000					
Nicholas George	–	–	100	–	100
Lee Soo Hoon	–	–	100	–	100
Lim Keng Jin	–	–	100	–	100
Tang See Chim	–	–	100	–	100

The Group has four key executives and their remuneration for the year is set out below:

Key Executives	Salary %	Bonus %	Fees %	Other Benefits %	Total %
\$500,000 to below \$750,000					
Thomas Teo	47	53	–	–	100
\$250,000 to below \$500,000					
Wong Joo Seng	83	13	–	4	100
Below \$250,000					
Melvyn Song	87	13	–	–	100
Tang Chon Luang	64	36	–	–	100

There were no employees of the Group who are immediate family members of a Director and whose remuneration exceeded \$150,000 during the year.

CORPORATE GOVERNANCE (continued)

ACCOUNTABILITY AND AUDIT.

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Audit Committee

Principle 11: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

Internal controls

Principle 12: The Board should ensure that Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

The Board believes that it should conduct itself in ways that deliver maximum sustainable value to the shareholders. The Board promotes best practices as a means to build an excellent business for the shareholders. The Board is accountable to shareholders for the Group's performance.

The AC comprises three members, all of whom are independent Non-Executive Directors. Mr Lee Soo Hoon chairs the AC. The other members of the AC are Mr Nicholas George and Mr Tang See Chim. Based on the written terms of reference approved by the Board, the principal functions of the AC are to:

- Review with the external auditors their audit plan, evaluation of the internal accounting controls, audit report, assistance given by management and any matters which the external auditors wish to discuss;
- Review the scope and results of the audit, its cost effectiveness, the independence and objectivity of the external auditors as well as the nature and extent of non-audit services provided by them;
- Recommends to the Board the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors;
- Review significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Group's financial performance before their submission to the Board;
- Review the adequacy and effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management policies and systems established by the Company's management;
- Review the adequacy and effectiveness of the internal audit function, the scope and results of the internal audit procedures, and ensure that the internal audit function is adequately resourced and has appropriate standing in the Company;



CORPORATE GOVERNANCE (continued)

- Review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from the regulators;
- Report actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate; and
- Review interested person transactions falling within the scope of the SGX-ST Listing Manual.

Where relevant, the AC makes reference to the best practices and guidance in the Guidebook for Audit Committees in Singapore issued by the Audit Committee Guidance Committee.

The Board is of the view that the AC members have the relevant expertise to discharge the functions of an AC. Reasonable resources have been made available to the AC to enable them to discharge their duties.

Risk Management

The AC held four scheduled meetings during the year to review the financial results of the Group. The AC also met with both the internal and external auditors, without the presence of the Company's management at least once during the year. The AC has full access to and co-operation of the Company's Management and the internal auditors and has full discretion to invite any Director or executive officer to attend its meetings. The auditors, both internal and external, have unrestricted access to the AC.

The Board considers the management of major business risks to be an important and integral part of the Group's overall internal control framework. The practice of risk management is undertaken by the Executive Directors and senior Management under the purview of the Board. The financial risk management objectives and policies of the Group are discussed under Note 30 of the Notes to the Financial Statements.

The AC has reviewed the non-audit services provided by the external auditors that comprise tax services and is satisfied with the independence of the external auditors.

The Group has implemented a Business Continuity Plan which would allow its regulated business to continue at a designated remote command centre in the event of a crisis or disaster.

The AC has also put in place a policy, whereby staff of the Group may raise concerns about possible improprieties in matters of financial reporting, fraudulent acts and other matters and ensure that arrangements are in place for independent investigations of such matters and appropriate follow up actions.

The Board with the assistance of the AC continually reviews the Group's internal control processes and risk management practices. The Board believes that, in the absence of any evidence to the contrary, the system of internal control maintained by the Company's Management and that was in place throughout the financial year and up to the date of this report, provides reasonable, but not absolute, assurance against material financial misstatements or loss, and

CORPORATE GOVERNANCE (continued)

including the safeguarding of assets, maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk. The Board notes that no system of internal control could provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

The Board is of the view that the Company has in place an adequate system of internal controls and that business risks facing the Company had been adequately addressed.

Internal audit

Principle 13: The company should establish an internal audit function that is independent of the activities it audits.

The Company has outsourced its internal audit function. The internal auditors are expected to meet or exceed the standards set by nationally or internationally recognised bodies, including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The annual internal audit plan is prepared in consultation with, but independent of Management, and submitted to the AC for approval. The internal auditors report directly to the AC and the findings and recommendations made have been adequately followed through and implemented by management in 2010. The AC is satisfied that the internal audit function is independent, adequately resourced and effective.

COMMUNICATION WITH SHAREHOLDERS

Communication with shareholders

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

Encouraging greater shareholder participation

Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

The Company regularly communicates significant developments in its business and operations, in addition to its periodic results and Annual Reports. Immediate announcements are made via SGXNET where required under the Listing Manual of the SGX-ST. Where immediate announcement is not practical, the announcement is made as soon as possible to ensure that shareholders and the public have fair access to the information. The Company also has a website at www.gkgoh.com where shareholders and the public can access information on the Group. The quarterly and full year financial results are published via SGXNET as well as on the Company's website.

The Company's main dialogue with its shareholders takes place at its Annual General Meetings. Shareholders are encouraged to attend AGMs. The Board and Management, as well as the external auditors, are in attendance at AGMs to address shareholders' questions on issues relevant to the Company and resolutions proposed at the AGMs.

The Company's Articles of Association allow shareholders to vote in person or by proxy at general meetings.



CORPORATE GOVERNANCE (continued)

DEALING IN SECURITIES

The Group has adopted a Best Practices Guide with respect to dealings in securities based on the best practices recommendations of the SGX-ST, and extended in application to financial futures, foreign exchange contracts and over-the-counter instruments. The Group has established a policy governing such dealings by its Directors and staff. Directors and staff are prohibited from dealing in the securities of the Company during the periods commencing two weeks before the announcement of the Company's financial statements for the first, second and third quarters of its financial year and one month before the announcement of the Company's financial statement for its full-year in accordance with the guidelines set out in the Best Practices Guide. In addition, Directors and staff are required to observe the regulatory requirements of the respective markets that the Group operates in and are expected not to deal in securities and other financial instruments on short-term considerations.

Directors are required to report to the Company Secretary whenever they deal in the Company's shares. The latter updates the Register of Directors' Shareholdings and makes the necessary announcements.

ETHICAL STANDARDS AND BUSINESS CONDUCT

The Company has developed a code of ethics and business conduct ("Code of Ethics"), which has been fully endorsed by the Board, and disseminated to all employees of the Group. The Code of Ethics, which also deals with subjects such as confidential information and insider trading, is applied in conjunction with relevant laws and regulations. The Code of Ethics is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism. In essence, the Code of Ethics requires that all personnel act with utmost integrity, objectivity and in compliance with both the letter and spirit of the law as well as with company policies and procedures.

ATTENDANCE OF DIRECTORS AT BOARD AND COMMITTEE MEETINGS

Name	Number of Meetings Attended in 2010			
	Board of Directors	Audit Committee	Remuneration Committee	Nominating Committee
Goh Geok Khim	4	–	–	1
Goh Yew Lin	4	–	–	–
Nicholas George	4	4	1	1
Lee Soo Hoon	4	4	1	1
Lim Keng Jin	3	–	–	–
Tang See Chim	4	4	1	1
Number of Meetings Held in 2010	4	4	1	1



DIRECTORS' REPORT &
FINANCIAL STATEMENTS



DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of G. K. Goh Holdings Limited (the "Company") and its subsidiary companies (collectively, the "Group") for the financial year ended 31 December 2010 and the balance sheet and statement of changes in equity of the Company as at 31 December 2010.

Directors

The directors of the Company in office at the date of this report are:

Goh Geok Khim	<i>Executive Chairman</i>
Goh Yew Lin	<i>Managing Director</i>
Nicholas George	
Lee Soo Hoon	
Lim Keng Jin	
Tang See Chim	

In accordance with Article 86 of the Company's Articles of Association, Nicholas George retires and, being eligible, offers himself for re-election.

Arrangements to enable directors to acquire shares or debentures

Except for the G. K. Goh Share Option Scheme 2000, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objective is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interest in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Companies Act, Cap. 50 (the "Act"), an interest in the shares of the Company, the Company's holding company and its related companies as stated below:

	Held in the name of the directors		Deemed interest	
	At beginning of the financial year	At end of the financial year	At beginning of the financial year	At end of the financial year
<i>The holding company, GKG Investment Holdings Pte Ltd</i>				
	Number of ordinary shares			
Goh Geok Khim	2,500,500	2,500,500	704,500	704,500
Goh Yew Lin	1,495,000	1,495,000	–	–
<i>The Company, G. K. Goh Holdings Limited</i>				
	Number of ordinary shares			
Goh Geok Khim	–	–	178,814,460	179,849,460
Goh Yew Lin	–	–	178,814,460	179,849,460
Lee Soo Hoon	20,000	20,000	–	–
Lim Keng Jin	2,612,000	2,612,000	3,200,000	3,200,000
Tang See Chim	1,800	1,800	–	–

DIRECTORS' REPORT (continued)

Directors' interest in shares and debentures (cont'd)

By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Messrs. Goh Geok Khim and Goh Yew Lin are deemed to be interested in all the shares held by G. K. Goh Holdings Limited in its subsidiary companies.

None of the directors acquired additional shares in the Company between the end of the financial year and 21 January 2011.

Share options

The G. K. Goh Share Option Scheme 2000

The G. K. Goh Share Option Scheme 2000 ("2000 SOS") which had been approved by shareholders on 25 November 2000 had lapsed on 25 November 2010 and has since been discontinued.

There were no outstanding options under the 2000 SOS immediately prior to the discontinuation of the 2000 SOS.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Audit committee

The audit committee ("AC") comprises the following members:

Lee Soo Hoon
Nicholas George
Tang See Chim

The AC carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Cap. 50, including the following:

- Reviews the audit plans of the internal and external auditors of the Company and ensures the adequacy of the Company's system of accounting controls and the co-operation given by the Company's management to the external and internal auditors;



DIRECTORS' REPORT (continued)

Audit committee (cont'd)

- Reviews the quarterly and annual financial statements and the auditors' report on the annual financial statements of the Company before their submission to the board of directors;
- Reviews the adequacy and effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
- Meets with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviews the cost effectiveness and the independence and objectivity of the external auditors;
- Reviews the nature and extent of non-audit services provided by the external auditors;
- Recommends to the board of directors the external auditors to be nominated, approves the compensation of the external auditors, and reviews the scope and results of the audit;
- Reports actions and minutes of the AC to the board of directors with such recommendations as the AC considers appropriate; and
- Reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST")'s Listing Manual.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

The AC convened four scheduled meetings during the financial year to review the financial results of the Group. In addition, there were several meetings held to discuss the developments of the Group's business. The AC has also met with external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.



DIRECTORS' REPORT (continued)

Auditors

Ernst & Young LLP have expressed their willingness to accept reappointment as auditors.

On behalf of the board of directors,

Goh Geok Khim
Executive Chairman

Goh Yew Lin
Managing Director

Singapore
10 March 2011



STATEMENT BY DIRECTORS

We, Goh Geok Khim and Goh Yew Lin, being two of the directors of G. K. Goh Holdings Limited, do hereby state that, in the opinion of the directors:

- (i) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity and consolidated cash flow statement together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2010 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors,

Goh Geok Khim
Executive Chairman

Goh Yew Lin
Managing Director

Singapore
10 March 2011

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF G. K. GOH HOLDINGS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of G. K. Goh Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 32 to 94, which comprise the balance sheets of the Group and the Company as at 31 December 2010, the statement of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



INDEPENDENT AUDITORS' REPORT (continued)

TO THE MEMBERS OF G. K. GOH HOLDINGS LIMITED

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2010 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Public Accountants and
Certified Public Accountants
Singapore
10 March 2011

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Note	Group	
		2010 \$'000	2009 \$'000
CONTINUING OPERATIONS			
Revenue	3	30,382	22,848
Cost and expenses			
Commission paid to agents		(1,669)	(259)
Employees' compensation and related costs	26(a)	(8,845)	(4,406)
Office and equipment rental costs		(815)	(581)
Depreciation		(684)	(793)
Technology and information services costs		(1,094)	(838)
Gain/(loss) on foreign currency exchange		817	(4,276)
Reversal/(provision) of impairment of investment property		2,573	(2,594)
Other operating expenses	4	(3,046)	(2,027)
Total costs and expenses		(12,763)	(15,774)
Profit from continuing operating activities		17,619	7,074
Finance costs	4	(287)	(188)
Share of profit/(loss) of associated and joint venture companies		12,795	(1,156)
Loss on dilution of equity interest in associated companies		–	(7,768)
Negative goodwill arising from the acquisition of associated companies		127	6,567
Profit before taxation		30,254	4,529
Taxation	5	(839)	(1,614)
Profit for the year		29,415	2,915
Profit/(loss) attributable to:			
Equity holders of the Company		29,072	5,487
Non-controlling interests		343	(2,572)
		29,415	2,915
Earnings per share			
	7		
Basic and diluted:		9.16 ¢	1.72 ¢
- continuing operations		9.16 ¢	1.72 ¢

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Group	
	2010	2009
	\$'000	\$'000
Profit net of tax	29,415	2,915
Other comprehensive income/(loss)		
Net gain/(loss) on long-term investments:		
- fair value gain	2,935	10,123
- transferred to consolidated income statement on disposal	(3,205)	679
Share of other comprehensive (loss)/income of associated companies	(47)	123
Foreign currency translation	721	1,063
Other comprehensive income for the year, net of tax	404	11,988
Total comprehensive income for the year	29,819	14,903
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	28,490	17,700
Non-controlling interests	1,329	(2,797)
	29,819	14,903

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2010

	Note	Group		Company	
		2010	2009	2010	2009
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	8	246	388	–	–
Investment properties	9	25,818	23,652	–	–
Subsidiary companies	10	–	–	46,091	36,759
Associated companies	11	106,588	112,501	5,688	5,635
Long-term investments	12	72,041	64,828	–	–
Amounts receivable from subsidiary companies	14	–	–	6,500	–
Deferred tax asset	5	712	989	–	–
Other assets	13	1,201	1,037	–	–
Current assets					
Amounts receivable from subsidiary companies	14	–	–	183,338	186,032
Amounts receivable from associated companies	15	656	842	–	–
Trade debtors	16	7,687	3,619	–	–
Other debtors	17	1,229	926	93	6
Financial assets	18	66,802	43,895	–	–
Cash and bank balances	19	144,955	83,330	31,397	32,514
		221,329	132,612	214,828	218,552
Current liabilities					
Trade creditors	20	87,463	24,838	–	–
Other creditors	21	6,631	3,160	659	674
Bank borrowings	22	9,237	650	–	–
Provision for taxation		1,134	619	428	85
		104,465	29,267	1,087	759
Net current assets		116,864	103,345	213,741	217,793
Non-current liabilities					
Bank borrowings	22	(10,454)	(11,104)	–	–
Deferred tax liabilities	5	(354)	(178)	(117)	(140)
Net assets		312,662	295,458	271,903	260,047

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



BALANCE SHEETS (continued)

AS AT 31 DECEMBER 2010

	Note	Group		Company	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Equity					
Share capital	23	183,112	183,112	183,112	183,112
Capital reserve		609	362	137	137
Revenue reserve		132,887	110,825	88,654	76,798
Fair value adjustment reserve		2,163	2,433	–	–
Foreign currency translation reserve		(6,109)	(5,800)	–	–
		312,662	290,932	271,903	260,047
Non-controlling interests					
		–	4,526	–	–
		312,662	295,458	271,903	260,047

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

Group	Attributable to Equity Holders of the Company					Non-controlling interests	Total equity
	Share capital (Note 23)	Revenue reserve	Capital reserve (1)	Fair value adjustment reserve (2)	Foreign currency translation reserve (3)		
2010	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2010	183,112	110,825	362	2,433	(5,800)	290,932	295,458
Profit for the year	–	29,072	–	–	–	29,072	29,415
Other comprehensive income/(loss)							
Net loss on fair value changes of available-for-sale financial assets	–	–	–	(270)	–	(270)	(270)
Share of other comprehensive loss of associated companies	–	–	(3)	–	–	(3)	(47)
Foreign currency translation	–	–	–	–	(309)	(309)	721
Other comprehensive income/(loss) for the year	–	–	(3)	(270)	(309)	(582)	404
Total comprehensive income/(loss) for the year	–	29,072	(3)	(270)	(309)	28,490	29,819
Contributions by and distributions to owners							
Change in equity share of associated companies	–	(1,630)	250	–	–	(1,380)	(1,380)
Share repurchase	–	(622)	–	–	–	(622)	(622)
Dividend on ordinary shares (Note 6)	–	(4,758)	–	–	–	(4,758)	(4,758)
Total contributions by and distributions to owners	–	(7,010)	250	–	–	(6,760)	(6,760)
Changes in ownership interests in subsidiaries that do not result in loss of control							
Acquisition of non-controlling interests	–	–	–	–	–	–	(5,855)
Total changes in ownership interests in subsidiaries	–	–	–	–	–	–	(5,855)
Total transactions with owners in their capacity as owners	–	(7,010)	250	–	–	(6,760)	(12,615)
Balance at 31 December 2010	183,112	132,887	609	2,163	(6,109)	312,662	312,662

STATEMENTS OF CHANGES IN EQUITY (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

Group	Attributable to Equity Holders of the Company					Foreign currency translation reserve ⁽³⁾	Non-controlling interests	Total equity
	Share capital (Note 23)	Revenue reserve	Capital reserve ⁽¹⁾	Fair value adjustment reserve ⁽²⁾	Total			
2009	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2009	183,112	109,151	270	(8,369)	(7,119)	277,045	5,117	282,162
Profit/(loss) for the year	-	5,487	-	-	-	5,487	(2,572)	2,915
Other comprehensive income/(loss)								
Net gain on fair value changes of available-for-sale financial assets	-	-	-	10,802	-	10,802	-	10,802
Share of other comprehensive income of associated companies	-	-	92	-	-	92	31	123
Foreign currency translation	-	-	-	-	1,319	1,319	(256)	1,063
Other comprehensive income/(loss) for the year	-	-	92	10,802	1,319	12,213	(225)	11,988
Total comprehensive income/(loss) for the year	-	5,487	92	10,802	1,319	17,700	(2,797)	14,903
Contributions by and distributions to owners								
Share repurchase	-	(631)	-	-	-	(631)	-	(631)
Dividend on ordinary shares (Note 6)	-	(3,182)	-	-	-	(3,182)	-	(3,182)
Total contributions by and distributions to owners	-	(3,813)	-	-	-	(3,813)	-	(3,813)
Changes in ownership interests in subsidiaries that do not result in loss of control								
Shares issuance to minority shareholders	-	-	-	-	-	-	2,206	2,206
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	2,206	2,206
Total transactions with owners in their capacity as owners	-	(3,813)	-	-	-	(3,813)	2,206	(1,607)
Balance at 31 December 2009	183,112	110,825	362	2,433	(5,800)	290,932	4,526	295,458

STATEMENTS OF CHANGES IN EQUITY (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

Company	Share capital (Note 23) \$'000	Revenue reserve \$'000	Capital reserve ⁽¹⁾ \$'000	Total \$'000
2010				
Balance at 1 January 2010	183,112	76,798	137	260,047
Profit for the year	–	17,236	–	17,236
Other comprehensive income for the year	–	–	–	–
Total comprehensive income for the year	–	17,236	–	17,236
<u>Contributions by and distributions to owners</u>				
Share repurchase		(622)	–	(622)
Dividend on ordinary shares (Note 6)	–	(4,758)	–	(4,758)
Total transactions with owners in their capacity as owners	–	(5,380)	–	(5,380)
Balance at 31 December 2010	183,112	88,654	137	271,903
2009				
Balance at 1 January 2009	183,112	61,685	137	244,934
Profit for the year	–	18,926	–	18,926
Other comprehensive income for the year	–	–	–	–
Total comprehensive income for the year	–	18,926	–	18,926
<u>Contributions by and distributions to owners</u>				
Share repurchase	–	(631)	–	(631)
Dividend on ordinary shares	–	(3,182)	–	(3,182)
Total transactions with owners in their capacity as owners	–	(3,813)	–	(3,813)
Balance at 31 December 2009	183,112	76,798	137	260,047

⁽¹⁾ This records the equity-settled share options granted to employees (Note 26(b)). This reserve is not available for distribution as dividends.

⁽²⁾ These represent the cumulative fair value changes of available-for-sale financial assets until they are derecognised or impaired.

⁽³⁾ These represent the exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Note	Group 2010 \$'000	Group 2009 \$'000
Cash flows from operating activities			
Profit before taxation		30,254	4,529
Adjustments for:			
Depreciation of property, plant and equipment		684	793
Dividend income		(2,445)	(1,716)
Loss on disposal of property, plant and equipment		1	–
Negative goodwill on acquisition of non-controlling interests		(693)	–
Loss on disposal of associated companies		570	1,206
(Gain)/loss on sale of long-term investments		(3,346)	8,465
Interest income		(1,532)	(1,023)
Interest expense		287	188
Fair value adjustment for short-term investments		(2,029)	(11,123)
Fair value adjustment for long-term investments		1,115	(4,273)
Reversal of impairment loss for other receivables		–	(107)
(Reversal)/provision of impairment of investment property		(2,573)	2,594
Reversal of tax indemnity provision on disposal of stockbroking businesses		–	(4,134)
Share of (profit)/loss of associated companies		(12,795)	1,156
Loss on dilution of equity interest in associated companies		–	7,768
Negative goodwill arising from the acquisition of associated companies		(127)	(6,567)
Provision of allowance for doubtful debts		760	71
Operating profit/(loss) before reinvestment in working capital		8,131	(2,173)
(Increase)/decrease in debtors		(4,925)	3,014
Increase in short-term investments		(20,878)	(20,773)
Increase/(decrease) in creditors		66,077	(28,985)
Cash flows from/(used in) operating activities		48,405	(48,917)
Interest received		1,361	700
Interest paid		(268)	(180)
Income tax paid		(7)	(436)
Net cash flows from/(used in) operating activities		49,491	(48,833)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Note	Group	
		2010	2009
		\$'000	\$'000
Cash flows from investing activities			
Purchase of property, plant and equipment		(152)	(113)
Purchase of long-term investments		(19,931)	(23,655)
Investment in associated companies		(995)	(12,412)
Proceeds from sale of long-term investments		16,952	18,488
Proceeds from disposal of associated companies		13,206	10,781
Dividends received from associated companies		4,108	3,119
Dividend income received		2,344	707
Net cash flows from/(used in) investing activities		15,532	(3,085)
Cash flows from financing activities			
Dividends paid		(4,758)	(3,182)
Proceeds from the issuance of shares to minority shareholders		–	2,206
Acquisition of non-controlling interests		(5,185)	–
Proceeds from/(repayment of) bank borrowings		7,937	(650)
Shares re-purchased		(622)	(631)
Net cash flows used in financing activities		(2,628)	(2,257)
Net increase/(decrease) in cash and cash equivalents		62,395	(54,175)
Effect of exchange rate changes in opening cash and cash equivalents		(770)	2,493
Cash and cash equivalents at 1 January	19	83,330	135,012
Cash and cash equivalents at 31 December	19	144,955	83,330

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Corporate information

G. K. Goh Holdings Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore.

The Company is a subsidiary company of GKG Investment Holdings Pte Ltd which is incorporated in Singapore.

The registered office and principal place of business of G. K. Goh Holdings Limited is located at 50 Raffles Place, #33-00 Singapore Land Tower, Singapore 048623.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies are capital management, provision of futures and foreign exchange broking services and investment holding. There has been no significant change in the nature of these activities during the financial year.

In the financial statements, related companies refer to members of the GKG Investment Holdings Pte Ltd group of companies.

The subsidiary companies and associated companies at 31 December 2010 are:

Name of subsidiary/ associated/ joint venture companies (Country of incorporation and place of business)	Principal activities	% of equity held by the Group		Cost		
		2010	2009	2010	2009	
<i>Subsidiary companies:</i>						
Ample Echo Limited (British Virgin Islands)	Investment holding	100	67	RM35,100,819	RM23,062,927	
Ardisia Limited (British Virgin Islands)	Investment holding	100	100	S\$3,600,000	S\$3,600,000	
Cacona Pte Ltd (Singapore)	Investment holding	100	100	S\$2	S\$2	
⁽¹⁾ Calamus Pte Ltd (Singapore)	Investment holding	100	100	S\$2	S\$2	
Canistel Pte Ltd (Singapore)	Investment holding	100	100	S\$2	S\$2	
G. K. Goh Capital (S) Pte Ltd (Singapore)	Dormant	100	100	S\$100,000	S\$100,000	
G. K. Goh Financial Services (S) Pte Ltd (formerly known as G. K. Goh Futures (S) Pte Ltd) (Singapore)	Futures and foreign exchange broking	100	100	S\$7,077,206	S\$7,077,206	

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

1. Corporate information (cont'd)

Name of subsidiary/ associated/ joint venture companies (Country of incorporation and place of business)	Principal activities	% of equity held by the Group		Cost	
		2010	2009	2010	2009
<i>Subsidiary companies:</i>					
G. K. Goh Nominees Pte Ltd (Singapore)	Nominee services	100	100	S\$10,000	S\$10,000
∅ G. K. Goh Securities (Philippines), Inc. (Philippines)	Dormant	100	100	S\$6,915,163	S\$6,915,163
G. K. Goh Strategic Holdings Pte Ltd (Singapore)	Investment holding	100	100	S\$10,000,000	S\$10,000,000
Salacca Pte Ltd (Singapore)	Investment holding	100	100	S\$2	S\$2
Saliendra Pte Ltd (Singapore)	Investment holding	100	100	S\$10,000,000	S\$10,000,000
Solanum Investment Pte Ltd (Singapore)	Investment holding	100	100	S\$1	S\$1
Perilla Pte Ltd (Singapore)	Investment holding	100	100	S\$1,000,000	S\$1,000,000
<i>Associated companies:</i>					
# Boardroom Limited (Singapore)	Investment holding	32.91	32.91	S\$26,412,751	S\$26,412,751
#(2) Value Monetization Ltd (British Virgin Islands)	Investment holding	30.77	30.77	US\$5,037,065	US\$5,697,065
∅∅ Platinum Holdings Company Limited (Cayman Islands/ Hong Kong)	Investment holding	21.86	21.86	S\$5,687,490	S\$5,687,490
# Bromius Capital Limited (Cayman Islands)	Investment holding	20.00	20.00	US\$4	US\$4
*#@ (3) Eastern & Oriental Berhad (Malaysia)	Investment holding	12.90	14.95	RM135,941,234	RM164,338,204



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

1. Corporate information (cont'd)

	Name of subsidiary/ associated/ joint venture companies (Country of incorporation and place of business)	Principal activities	% of equity held by the Group		Cost	
			2010	2009	2010	2009
	<i>Joint venture companies:</i>					
	AG Fund Pty Ltd (Australia)	Investment holding	50.00	50.00	A\$5	A\$5
#(1)	Value Manager Ltd (British Virgin Islands)	Investment holding	50.00	50.00	US\$1,000	US\$1,000

∅ Audited by Punongbayan & Araullo.

∅∅ Audited by Li, Tang, Chen & Co.

* Audited by associated firms of Ernst & Young LLP, Singapore.

Held by subsidiary companies.

@ Although the Group has only 12.90% equity interest in Eastern & Oriental Berhad ("EOB"), the Group is represented on the board of directors of EOB. Hence, the Group has significant influence over the financial and operating policy decisions of EOB.

(1) Applied for strike off.

(2) There was a capital distribution from the associated company during the year, amounting to US\$600,000.

(3) Refer to Note 11.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis except for certain financial assets that have been measured at their fair values.

The financial statements are presented in Singapore dollars ("SGD" or "\$") and all values in the tables are rounded to the nearest thousand ("'\$000") as indicated.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised Standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2010. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except as disclosed:

FRS 103 Business Combinations (revised) and FRS 27 Consolidated and Separate Financial Statements (revised)

The revised FRS 103 Business Combinations and FRS 27 Consolidated and Separate Financial Statements are applicable for annual periods beginning on or after 1 July 2009. As of 1 January 2010, the Group adopted both revised standards at the same time in accordance with their transitional provisions.

FRS 103 Business Combinations (revised)

The revised FRS 103 introduces a number of changes to the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. Changes in significant accounting policies resulting from the adoption of the revised FRS 103 include:

- Transaction costs would no longer be capitalised as part of the cost of acquisition but will be expensed immediately;
- Consideration contingent on future events are recognised at fair value on the acquisition date and any changes in the amount of consideration to be paid will no longer be adjusted against goodwill but recognised in profit or loss;
- The Group elects for each acquisition of a business, to measure non-controlling interest at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, and this impacts the amount of goodwill recognised; and
- When a business is acquired in stages, the previously held equity interests in the acquiree is remeasured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss, and this impacts the amount of goodwill recognised.

According to its transitional provisions, the revised FRS 103 has been applied prospectively. Assets and liabilities that arose from business combinations whose acquisition dates are before 1 January 2010 are not adjusted.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

FRS 27 Consolidated and Separate Financial Statements (revised)

Changes in significant accounting policies resulting from the adoption of the revised FRS 27 include:

- A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss recognised in profit or loss;
- Losses incurred by a subsidiary are allocated to the non-controlling interest even if the losses exceed the non-controlling interest in the subsidiary's equity; and
- When control over a subsidiary is lost, any interest retained is measured at fair value with the corresponding gain or loss recognised in profit or loss.

According to its transitional provisions, the revised FRS 27 has been applied prospectively, and does not impact the Group's consolidated financial statements in respect of transactions with non-controlling interests, attribution of losses to non-controlling interests and disposal of subsidiaries before 1 January 2010.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective :

Description	Effective for annual periods beginning on or after
Amendments to FRS 32 Financial Instruments: Presentation - Classification of Rights Issues	1 February 2010
INT FRS 119 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Revised FRS 24 Related Party Disclosures	1 January 2011
Amendments to INT FRS 114 Prepayments of a Minimum Funding Requirement	1 January 2011
INT FRS 115 Agreements for the Construction of Real Estate	1 January 2011

Except for the revised FRS 24, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 24 is described below.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

Revised FRS 24 Related Party Disclosures

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group is currently determining the impact of the changes to the definition of a related party has on the disclosure of related party transaction. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2011.

2.4 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date are discussed below:

(a) Impairment of available-for-sale financial assets

The Group classifies certain assets as available-for-sale financial assets and recognises changes in their fair values in equity. When the fair value declines, management exercises judgement based on the observable data relating to the possible events that may have caused the decline to determine whether it is an impairment that should be recognised in profit or loss. For the financial year ended 31 December 2010, the amount of impairment loss recognised for available-for-sale financial assets was \$1,115,000 (2009: reversal of \$4,273,000). Further details may be found in Note 12.

(b) Estimation of fair value of the Group's financial instruments

The Group fair values its investments and trading securities based on estimates as follows:

- i) current prices in an active market for the quoted equity securities; and
- ii) quotes from fund managers for the unquoted equity securities and unit trusts.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. Summary of significant accounting policies (cont'd)

2.4 Significant accounting estimates and judgements (cont'd)

(b) Estimation of fair value of the Group's financial instruments (cont'd)

The final recoverable values of the Group's unquoted investments could be different from the recorded fair values. Where the final disposal of the Group's unquoted investments is different from the fair value, such differences will impact the consolidated income statement in the financial year in which such determination is made.

(c) Impairment of investment properties

The Group assesses whether there are any indicators of impairment of investment properties at each reporting date. To determine whether there is evidence of impairment, the Group obtains property valuations based upon current market prices for similar properties as well as current rental yields. In the financial year ended 31 December, the Group recorded a reversal of impairment charge against the investment property of \$2,573,000 (2009: charge of \$2,594,000). Further details may be found in Note 9.

(d) Taxation

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group-wide provision for taxation. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the financial year in which such determination is made. The carrying amount of the Group's tax payables at 31 December 2010 was \$1,134,000 (2009: \$619,000).

Deferred tax assets are recognised for all unutilised losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. The carrying value of deferred tax assets at 31 December 2010 was \$712,000 (2009: \$989,000) and the unrecognised tax losses at 31 December 2010 was \$25,483,000 (2009: \$27,497,000).

2.5 Subsidiary companies and principles of consolidation

(a) Subsidiary companies

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in its subsidiary companies are accounted for at cost less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. Summary of significant accounting policies (cont'd)

2.5 Subsidiary companies and principles of consolidation (cont'd)

(b) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Details of the subsidiary companies are given in Note 1.

2.6 Associated and joint venture companies

The Group treats as associated companies those companies in which a long-term equity interest of between 20% and 50% is held or over whose financial and operating policy decisions it has significant influence.

Companies in which the Group holds an interest on a long-term basis and are jointly controlled by the Group with one or more parties under a contractual agreement are treated as joint venture companies.

The Group's investments in associated and joint venture companies are accounted for using the equity method. Under the equity method, the investment in associated company is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associated company. Goodwill relating to associated company is included in the carrying amount



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. Summary of significant accounting policies (cont'd)

2.6 Associated and joint venture companies (cont'd)

of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net asset value of the associated company's identifiable assets, liabilities, and contingent liabilities over the cost of the investment is added to the carrying amount of the investment and is recognised as income as part of the Group's share of results of the associated company in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associated company. Where there has been a change recognised in other comprehensive income by the associated company, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transaction between the Group and an associated company are eliminated to the extent of the interest in the associated company.

The Group's share of the profit or loss of its associated company is shown on the face of profit or loss after tax and non-controlling interests in the subsidiaries of associated company.

When the Group's share of losses in an associated company equals or exceeds its interest in the associate, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associated company.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associated companies. The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associated company is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated company and its carrying value and recognises the amount in profit or loss.

The financial statements of the associated companies are prepared as of the same reporting date as the Group. However, for publicly listed associated companies in Malaysia, it would not be practicable to ensure that their results are released prior to the results of the Group. The Group accounts for its share of the results of publicly listed associated companies based on their publicly-announced financial statements for the twelve months period ended 30 September. This is applied on a consistent basis and adjustments are made for any significant events that occur between 30 September and 31 December.

Where the accounting policies of associated and joint venture companies do not conform with those of the Group, adjustments are made if the amounts involved are considered to be significant to the Group.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. Summary of significant accounting policies (cont'd)

2.6 Associated and joint venture companies (cont'd)

Upon loss of significant influence over the associated company, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the associated company upon loss of significant influence and the fair value of the aggregate of the investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associated and joint venture companies are accounted for at cost less impairment losses.

2.7 Functional and foreign currency

(a) Functional currency

Management has determined the currency of the primary economic environment in which the Company operates i.e., functional currency, to be SGD. Revenue and major costs of providing services including major operating expenses are primarily influenced by fluctuations in SGD.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured by that functional currency.

(b) Foreign currency

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investments in foreign operation, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group upon disposal of the foreign operation.

The assets and liabilities of foreign operations are translated into SGD at the closing rate ruling at that balance sheet date and their statement of comprehensive income are translated at the average exchange rates for the financial year. The exchange differences are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. Summary of significant accounting policies (cont'd)

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. Subsequent to recognition, property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful life of the asset as follows:

Computer and automation equipment	– 3 years
Office equipment	– 3 years
Furniture, fittings and leasehold improvements	– 3 years or over lease term, whichever is shorter
Motor vehicles	– 5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses arising on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

2.9 Investment properties

Investment properties are initially recorded at cost. The cost comprises its purchase price and directly attributable costs of bringing the property to working condition for its intended use. Subsequent to recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is computed on a straight-line basis over the lease term of the properties.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the financial year of retirement or disposal.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. Summary of significant accounting policies (cont'd)

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written-down to its recoverable amount.

Impairment losses are recognised in profit or loss except for assets that are previously revaluated where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at re-valued amount, in which case the reversal is treated as a revaluation increase.

2.11 Financial assets

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gains or losses that have been recognised directly in equity is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. Summary of significant accounting policies (cont'd)

2.11 Financial assets (cont'd)

(a) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are carried at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(b) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the assets to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(c) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those which are neither classified as held for trading, nor designated as fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains or losses on monetary instruments and interest calculated using effective interest method are recognised in profit or loss. The cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

(d) Financial assets at fair value through profit or loss

Financial assets held-for-trading are classified as financial assets at fair value through profit or loss. Financial assets held-for-trading are derivatives (including separated embedded derivative) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. Summary of significant accounting policies (cont'd)

2.11 Financial assets (cont'd)

(d) Financial assets at fair value through profit or loss (cont'd)

The fair value of investments that are actively traded in organised financial markets is determined by reference to the relevant exchange's quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models.

2.12 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(a) Assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial asset with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written-off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. Summary of significant accounting policies (cont'd)

2.12 Impairment of financial assets (cont'd)

(a) Assets carried at amortised cost (cont'd)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Available-for-sale financial assets

Significant or prolonged decline in fair value below costs, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that equity investments classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments are not recognised in profit or loss; increases in their fair values after impairment are recognised directly in other comprehensive income. Reversals of impairment losses on debt instruments are recognised in profit or loss if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

2.13 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and cash with banks or financial institutions; including short-term fixed deposits. These also include bank overdrafts that form an integral part of the Group's cash management.

Cash and short-term deposits carried in the balance sheet are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.11.

2.14 Trade and other receivables

Trade and other receivables, including amounts due from subsidiary companies, associated companies, related companies and loans to related companies are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.11.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. Summary of significant accounting policies (cont'd)

2.14 Trade and other receivables (cont'd)

An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written-off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.12.

2.15 Uncompleted contracts

Uncompleted contracts in respect of investment transactions are stated at their net contracted values, including related brokerage and other recoveries such as stamp duties.

2.16 Trade and other payables

Liabilities for trade and other amounts payable and payables to related parties are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

2.17 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

2.18 Employee benefits

(a) Defined contribution plan

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the financial period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. Summary of significant accounting policies (cont'd)

2.19 Leases

(a) As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. The accounting policy for rental income is set out in Note 2.20 (d).

2.20 Revenue recognition

(a) Rendering of services

Commission and trading income is recognised as earned upon the execution of contracts.

(b) Interest income

Interest income is recognised as interest accrues using the effective interest method.

(c) Dividends

Dividend income is recognised when the Group's right to receive payment is established.

(d) Rental income

Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms.

2.21 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of a qualifying asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.22 Taxation

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current taxes are recognised in profit or loss except to the extent that tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. Summary of significant accounting policies (cont'd)

2.22 Taxation (cont'd)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are recognised for all temporary differences, except:

- Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of temporary differences associated with investments in subsidiary companies, associated companies and interests in joint venture companies, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same tax authority.

2.23 Derivative financial instruments and hedging activities

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. Summary of significant accounting policies (cont'd)

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 28, including the factors used to identify the reportable segments and the measurement basis of segment information.

3. Revenue

The breakdown of revenue is as follows:

	Group	
	2010 \$'000	2009 \$'000
Commission and broking income	5,856	1,686
Interest income:		
Bank deposits	229	353
Unquoted 8.0% unsecured convertible notes	151	128
Unquoted 3.5% unsecured convertible notes	–	118
Others	1,152	424
Gross dividend income from quoted investments	2,445	1,716
Gain on sale of fair value through profit or loss investments	14,022	6,256
Fair value adjustment for fair value through profit or loss investments:		
Held-for-trading	2,029	10,323
Designated upon initial recognition	–	800
Gain/(loss) on sale of available-for-sale investments:		
Transferred from equity on disposal of investments	3,205	(679)
Recognised directly in profit or loss	141	(7,786)
Impairment loss written-back upon disposal of available-for-sale investments	–	4,273
Impairment loss for available-for-sale investments	(1,115)	–
Net gain on other assets	–	107
Rental income	1,796	1,561
Loss on disposal of associated companies	(570)	(1,206)
Reversal of tax indemnity provision on disposal of stockbroking business	–	4,134
Other revenue	1,041	640
	30,382	22,848

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

4. Other operating expenses and finance costs

	Group	
	2010	2009
	\$'000	\$'000
Included in other operating expenses are:		
Non-audit fees paid to:		
Auditors of the Company	(138)	(110)
Provision of allowance for doubtful debts	(760)	(71)
Finance costs:		
Interest expense :		
Bank loans and overdrafts	(237)	(146)
Others	(50)	(42)
	(287)	(188)

5. Taxation

(a) Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2010 and 2009 are:

	Group	
	2010	2009
	\$'000	\$'000
(i) Income statement		
Current tax:		
Current year	(664)	(45)
Over provision in respect of prior years	39	1,521
Deferred tax:		
Unrealised fair value gain	(38)	(3,575)
Reversal of deferred tax on foreign interest income	44	255
(Provision)/reversal of deferred tax on foreign dividend income	(220)	230
	(839)	(1,614)
(ii) Statement of comprehensive income		
Deferred income tax related to items credit directly to other comprehensive income:		
Net change in fair value adjustment reserve for available-for-sale financial assets	(241)	(1,105)



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

5. Taxation (cont'd)

(b) Relationship between tax expense and accounting profit

The statutory income tax rate applicable to Singapore companies is 17% (2009: 17%).

A reconciliation of the Group's effective tax rate applicable to income from continuing operations for the respective financial year ended 31 December, is as follows:

	Group	
	2010	2009
	\$'000	\$'000
Profit before taxation	30,254	4,529
Statutory tax rate	(5,143)	(770)
Tax effect on:		
Income not subject to tax	3,447	2,751
Expenses not deductible for income tax purposes	(1,310)	(4,755)
Tax deducted at source	(101)	(45)
Over provision in respect of prior years	39	1,521
Deferred tax in respect of prior years	67	406
Qualifying income under concessionary tax rate	(50)	(107)
Share of profit/(loss) of associated companies	2,175	(196)
Loss on dilution of equity interest in associated companies	–	(1,320)
Negative goodwill arising from the acquisition of associated companies	21	1,116
Others	16	(215)
Tax expense	(839)	(1,614)

The Group's subsidiary company, G. K. Goh Financial Services (S) Pte Ltd, qualifies as a Future Member under Section 43 of the Income Tax Act. With this status, G. K. Goh Financial Services (S) Pte Ltd's qualifying transactions were taxed at the concessionary rate of 10% (2009: 10%) instead of the statutory rate of 17% (2009: 17%).

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

5. Taxation (cont'd)

(c) Deferred tax

An analysis of the deferred tax assets and liabilities are as follows:

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Deferred tax liabilities:				
Differences in depreciation	(33)	(33)	–	–
Foreign interest income not remitted	(100)	(145)	(86)	(140)
Foreign dividend income not remitted	(221)	–	(31)	–
	(354)	(178)	(117)	(140)
Deferred tax assets:				
Unrealised fair value loss	712	989	–	–
Net deferred tax assets/(liabilities)	358	811	(117)	(140)

At the balance sheet date, the Group has tax losses of approximately \$25,483,000 (2009: \$27,497,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to the uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

(d) Other tax matters

Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 6).



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

6. Dividends

	Group	
	2010 \$'000	2009 \$'000
Final dividend paid, 1.5 cents (2009: 1.0 cent) per ordinary share	4,758	3,182

The directors propose that a first and final one-tier tax exempt dividend of 3.0 cents (2009: 1.5 cents) per ordinary share, amounting to \$9,515,000 (2009: \$4,773,000) be paid for the financial year ended 31 December 2010, subject to shareholders' approval at the Annual General Meeting. The financial statements do not recognise this dividend as a liability.

7. Earnings per share

Basic and diluted earnings per share ("EPS") are calculated by dividing the profit attributable to ordinary equity holders of the Company of \$29,072,000 (2009: \$5,487,000), by the weighted average number of ordinary shares in issue during the financial year, and weighted average number of ordinary shares adjusted for the effect of dilution, respectively.

	Group	
	2010 '000	2009 '000
Weighted average number of ordinary shares used in the computation of basic and diluted EPS	317,345	318,429

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

8. Property, plant and equipment

Group	Computer and automation equipment \$'000	Office equipment \$'000	Furniture, fittings and leasehold improvements \$'000	Motor vehicles \$'000	Total \$'000
Cost					
At 1 January 2009	1,105	291	1,249	707	3,352
Currency realignment	1	–	2	–	3
Additions	41	–	72	–	113
Disposals	(2)	–	–	–	(2)
At 31 December 2009 and 1 January 2010	1,145	291	1,323	707	3,466
Currency realignment	(8)	(1)	(12)	–	(21)
Additions	87	3	62	–	152
Disposals	(20)	(1)	–	–	(21)
At 31 December 2010	1,204	292	1,373	707	3,576
Accumulated depreciation					
At 1 January 2009	811	288	1,119	438	2,656
Currency realignment	1	–	2	–	3
Charge for the year	163	2	114	142	421
Disposals	(2)	–	–	–	(2)
At 31 December 2009 and 1 January 2010	973	290	1,235	580	3,078
Currency realignment	(8)	(1)	(11)	–	(20)
Charge for the year	146	1	62	83	292
Disposals	(19)	(1)	–	–	(20)
At 31 December 2010	1,092	289	1,286	663	3,330
Net book value					
At 31 December 2009	172	1	88	127	388
At 31 December 2010	112	3	87	44	246



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

9. Investment properties

Group	Freehold property \$'000	Leasehold property \$'000	Total \$'000
Cost			
At 1 January 2009	1,718	26,319	28,037
Currency realignment	10	–	10
At 31 December 2009 and 1 January 2010	1,728	26,319	28,047
Currency realignment	(60)	–	(60)
At 31 December 2010	1,668	26,319	27,987
Accumulated depreciation			
At 1 January 2009	1,117	306	1,423
Currency realignment	6	–	6
Charge for the year	87	285	372
Provision for impairment *	–	2,594	2,594
At 31 December 2009 and 1 January 2010	1,210	3,185	4,395
Currency realignment	(45)	–	(45)
Charge for the year	86	306	392
Reversal of impairment *	–	(2,573)	(2,573)
At 31 December 2010	1,251	918	2,169
Net book value			
At 31 December 2009	518	23,134	23,652
At 31 December 2010	417	25,401	25,818

* Reversal of provision for impairment of 5 shophouses at 21 Tanjong Pagar Road which belong to Perilla Pte Ltd.

During the current financial year, management obtained a valuation of the leasehold property. Based upon the open market value of the property, the provision for impairment has been reversed.

	Group	
	2010 \$'000	2009 \$'000
Income statement:		
Rental income from investment properties:		
– Minimum lease payments	1,524	1,361
Direct operating expenses (including repairs and maintenance) arising from:		
– Rental generating properties	(690)	(682)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

9. Investment properties (cont'd)

The Group's investment properties are as follows:

Location	Existing use	Tenure	Unexpired lease term	Fair value \$'000
Condominium unit 36th Floor, Rufino Pacific Tower 6784 Ayala Avenue Corner Herrera Street Makati, Metro Manila Philippines	Office	Freehold	–	1,648
5 shophouses 21 Tanjong Pagar Road Singapore 088444	Shops and offices	Leasehold	83 years	26,000

The fair value has been determined based on valuations performed by accredited independent valuers with recent experience in the location and category of the property being valued.

The shophouses are mortgaged to secure a bank loan (Note 22).

10. Subsidiary companies

	Company	
	2010 \$'000	2009 \$'000
Unquoted shares, at cost less impairment loss of \$33,776,000 (2009: \$30,555,000)	46,091	36,759

During the financial year, Management performed an impairment test on its subsidiary companies. The recoverable amount of the subsidiary company was determined based on fair value less costs to sell. The impairment charge in the year was \$3,221,000 (2009: \$9,585,000).



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

11. Associated companies

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Unquoted shares, at cost	13,808	14,716	5,688	5,688
Quoted shares, at cost	93,089	110,829	–	–
Goodwill	14,251	14,251	–	–
	121,148	139,796	5,688	5,688
Share of net post-acquisition reserves	2,550	(3,722)	–	–
Impairment of associated companies	(13,916)	(18,851)	–	(53)
Currency realignment	(3,194)	(4,722)	–	–
	106,588	112,501	5,688	5,635
Fair value of associated companies for which there are published price quotations	99,437	103,842	–	–

The Group performed an impairment assessment on the carrying value of its interests in associated companies. The recoverable amount was determined based on fair value less costs to sell. Based on the assessment, the Group determined that the carrying value was impaired. The accumulated impairment of \$13,916,000 is recorded against the carrying value of the investment in associated companies. During the current year, there was a reversal of impairment amounting to \$4,935,000.

The summarised financial information of the associated companies as at 31 December is as follows:

	Group	
	2010 \$'000	2009 \$'000
Assets and liabilities:		
Current assets	472,228	428,581
Non-current assets	628,881	527,593
Total assets	1,101,109	956,174
Current liabilities	(280,371)	(233,314)
Non-current liabilities	(259,389)	(260,799)
Total liabilities	(539,760)	(494,113)
Results:		
Revenue	193,215	187,577
Profit/(loss) for the year	57,851	(3,491)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

11. Associated companies (cont'd)

Analysis of goodwill is as follows:

	Group	
	2010	2009
	\$'000	\$'000
Balance at beginning of year	14,251	17,186
Disposed of during the year	–	(2,935)
Balance at end of year	14,251	14,251

Investment in Eastern & Oriental Berhad

	Group 2010 RM
At 1 January	164,338,204
Purchase	2,307,128
Sale	(30,704,098)
At 31 December	135,941,234

The Group entered into a Sale and Purchase agreement during the year with the minority shareholder of a subsidiary company. This agreement allowed the Group to acquire the non-controlling interests amounting to \$5,855,000 which is recognised in the Group's equity. It also resulted in a corresponding sale of Eastern & Oriental Berhad to the minority shareholder amounting to RM30,704,098.

12. Long-term investments

	Group	
	2010	2009
	\$'000	\$'000
Available-for-sale investments		
Quoted equity securities in corporations	13,407	14,940
Unquoted equity securities in corporations	3,909	5,968
Unquoted unit trust funds	46,856	43,920
Fair value through profit or loss		
Designated upon initial recognition:		
Quoted zero coupon convertible bonds	7,869	–
	72,041	64,828

For the financial year, the Group recognised an impairment loss of \$1,115,000 (2009: reversal of \$4,273,000) pertaining to the available-for-sale investments.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

13. Other assets

	Group	
	2010 \$'000	2009 \$'000
Joint ventures	–	(14)
Seats on stock exchanges	42	43
Held-to-maturity investment:		
Unquoted 8.0% unsecured convertible loan	1,159	1,008
	1,201	1,037

(a) Joint ventures

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Unquoted shares, at cost	1	1	–	–
Share of loss of joint venture companies	(7)	(21)	–	–
Currency realignment	6	6	–	–
	–	(14)	–	–

The aggregate amounts of each of current assets, non-current assets, current liabilities, non-current liabilities, income and expenses related to the Group's interests in the jointly-controlled entities are as follows:

	Group	
	2010 \$'000	2009 \$'000
Assets and liabilities:		
Current assets	361	542
Total assets	361	542
Current liabilities	(361)	(569)
Non-current liabilities	–	(1)
Total liabilities	(361)	(570)
Results:		
Revenue	–	414
Profit/(loss) for the year	27	(1)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

13. Other assets (cont'd)

(b) Unquoted 8.0% unsecured convertible loan

On 12 December 2007, the Group, through a subsidiary company, subscribed for unsecured convertible loan of \$2 million issued by a company listed on the Singapore Exchange Securities Trading Limited. The loan is repayable on 21 March 2011 at an amount equal to the principal amount of the loan, plus a premium equal to 8% per annum. Prior to maturity, the Group may exercise its right to convert the repayment sum into shares of the borrower.

The convertible loan has been bifurcated into 2 components: the debt component comprising of the unsecured debt, and the equity component comprising of the option to convert the debt into shares of the borrower. The debt component has been designated as a long-term held-to-maturity investment.

The equity component has been designated as a financial asset at fair value through profit or loss. As at 31 December 2010 and 31 December 2009, the equity component is valued at zero.

14. Amounts receivable from subsidiary companies

	Company	
	2010	2009
	\$'000	\$'000
Long-term receivables from subsidiary companies	6,500	–
Short-term receivables from subsidiary companies	191,513	207,532
Less: Allowance for doubtful short-term receivables	(8,175)	(21,500)
	183,338	186,032

The long-term receivables from subsidiary companies comprise unsecured loans repayable on 31 December 2012 at interest of 2.67%.

The short-term receivables from subsidiary companies comprise unsecured loans repayable as follows:

	Company	
	2010	2009
	\$'000	\$'000
(i) Repayable on demand at interest of 3% (2009: 3%) per annum	92,803	78,553
(ii) Repayable on demand at interest of 4.35% (2009: 4.35%) per annum	8,083	20,352
(iii) Repayable on demand at interest of 0.98% to 1.15% (2009: 1.10% to 1.33%) per annum	12,758	12,758
(iv) Repayable on demand, interest-free	77,869	95,869
	191,513	207,532



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

14. Amounts receivable from subsidiary companies (cont'd)

Movements in the allowance for doubtful short-term loan receivables were as follows:

	Company	
	2010	2009
	\$'000	\$'000
At 1 January	(21,500)	(97)
Reversal/(provision) during the year	12,820	(21,405)
Net exchange differences	505	2
At 31 December	(8,175)	(21,500)

15. Amounts receivable from associated companies

	Group	
	2010	2009
	\$'000	\$'000
Short-term receivables from associated companies	1,338	842
Less: Allowance for doubtful short-term receivables	(682)	–
	656	842

The short-term receivables from associated companies comprise unsecured loans repayable at interest of 20%.

Movements in the allowance for doubtful short-term loan receivables were as follows:

	Group	
	2010	2009
	\$'000	\$'000
At 1 January	–	–
Provision during the year	(682)	–
At 31 December	(682)	–

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

16. Trade debtors

	Group	
	2010	2009
	\$'000	\$'000
Margin deposits placed with forex and clearing brokers	6,295	3,409
Amounts due from customers	2,060	1,960
Amounts due from securities brokers	1,392	210
	9,747	5,579
Less: Allowance for doubtful debt	(2,060)	(1,960)
	7,687	3,619
Movement in allowance for doubtful debt:		
At 1 January	(1,960)	(1,865)
Charge for the year	(760)	(71)
Written-off/(reversal)	660	(24)
	(2,060)	(1,960)

Margin deposits placed with forex and clearing brokers

The deposits bear interest at market rates and are repayable upon demand.

Amounts due from customers

These represent the deficit balances in customers' accounts and bear interest at market rates.

Amounts due from securities brokers

The receivables are not interest-bearing and are settled within 3 days.

Trade debtors denominated in foreign currencies at 31 December are as follows:

	Group	
	2010	2009
	\$'000	\$'000
Japanese yen	2,441	1,047
Malaysia ringgit	122	107
US dollars	2,871	595
Others	758	1,397



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

17. Other debtors

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Interest receivable	20	216	1	2
Sundry deposits	398	404	–	1
Prepayments	559	158	4	3
Receivable from tenants	53	76	–	–
Others	199	72	88	–
	1,229	926	93	6

18. Financial assets

	Group	
	2010 \$'000	2009 \$'000
Fair value through profit or loss		
Held-for-trading:		
Quoted equity securities in corporations	66,802	43,895

19. Cash and cash equivalents

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Fixed deposits	63,411	63,960	30,300	31,340
Other cash and bank balances	81,544	19,370	1,097	1,174
	144,955	83,330	31,397	32,514

Cash and bank balances of the Group include fixed deposits of \$28,752,000 (2009: \$30,472,000) and other cash and bank balances of \$21,596,000 (2009: \$5,531,000) of a subsidiary company which are segregated under SGX-DT Rules and represent funds deposited by customers and accruing to customers as a result of trades or contracts in SGX-DT.

Fixed deposits are placed for varying periods from 1 day to 3 months (2009: 1 day to 3 months) and have an effective interest rate of 0.27% to 0.53% (2009: 0.28% to 0.60%).

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

19. Cash and cash equivalents (cont'd)

Cash and cash equivalents denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Japanese yen	61,988	4,215	–	–
Malaysia ringgit	3,177	2,223	2	2
US dollars	9,468	6,915	290	19
Others	7,866	8,351	198	–

20. Trade creditors

	Group	
	2010 \$'000	2009 \$'000
Amounts segregated for customers	78,090	24,580
Amounts due to forex and clearing brokers	8,698	254
Amounts due to securities brokers	675	–
Others	–	4
	87,463	24,838

Amounts segregated for customers

The amounts bear interest at market rates and are repayable upon demand.

Amounts due to forex and clearing brokers

The amounts are not interest bearing and are settled within 3 days.

Amounts due to securities brokers

The payables are not interest-bearing and are settled within 3 days.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

20. Trade creditors (cont'd)

Trade creditors denominated in foreign currencies at 31 December are as follows:

	Group	
	2010 \$'000	2009 \$'000
Japanese yen	61,972	5,252
Malaysia ringgit	49	38
US dollars	11,825	5,549
Others	5,214	7,671

21. Other creditors

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Accruals	4,161	1,184	292	321
Unclaimed dividends ⁽¹⁾	1,167	1,153	–	–
Interest payable	20	8	–	–
Accounts payable - vendors	25	20	15	–
Security deposits from tenants	354	297	–	–
Others	904	498	352	353
	6,631	3,160	659	674

⁽¹⁾ Unclaimed dividends relate to dividends received for shares registered in the name of a subsidiary company as nominees of its customers and not claimed by the customers as at balance sheet date.

22. Bank borrowings

	Group	
	2010 \$'000	2009 \$'000
USD loans at 1.90% – 1.95%:		
– current	8,587	–
SGD loan at 0.98% – 1.15% (2009: 1.10% – 1.33%):		
– current	650	650
– non-current	10,454	11,104
	19,691	11,754

The SGD loan is repayable over 20 years and is secured against an investment property (Note 9).

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

23. Share capital

	Group and Company	
	2010	2009
	\$'000	\$'000
Issued and fully paid ordinary share capital:		
At beginning of year:		
318,178,805 (2009: 319,678,805) ordinary shares	183,112	183,112
Cancellation during the year:		
1,000,000 (2009: 1,500,000) ordinary shares	–	–
At end of year:		
317,178,805 (2009: 318,178,805) ordinary shares	183,112	183,112

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

The Company acquired 1,000,000 (2009: 1,500,000) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was \$622,000 (2009: \$631,000) and this was presented as a component within the shareholders' equity. Shares acquired were cancelled and the Company does not hold any treasury shares.

24. Commitments

(a) Operating leases - as lessee

The Group leases properties and equipments under lease agreements that expire at various dates until the year 2013. Rental expense for the Group was \$815,000 (2009: \$581,000). Future minimum lease payments not provided for in the financial statements for all leases with initial or remaining terms of one year or more are as follows:

	Group	
	2010	2009
	\$'000	\$'000
Due within one year	1,014	895
Due within two to five years	1,198	2,149
	2,212	3,044

As at 31 December 2010, the Group has a lease agreement with S. L. Development Pte Ltd dated 20 February 2009 for the lease of office premises.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

24. Commitments (cont'd)

(b) Operating leases - as lessor

The Group has entered into commercial property leases on its investment properties. Future minimum rental receivable not provided for in the financial statements at the end of the reporting period are as follows:

	Group	
	2010 \$'000	2009 \$'000
Due within one year	981	1,641
Due within two to five years	465	1,446
	1,446	3,087

(c) Other commitments

Other commitments not provided for in the financial statements comprise of obligations to make additional investments in the following:

	Group	
	2010 \$'000	2009 \$'000
Associated companies	617	842
Investments	8,560	15,040
Property, plant and equipment	572	–
	9,749	15,882

25. Contingent liabilities

There are no unsecured contingent liabilities not provided for in the financial statements.

26. Employees' benefits

(a) Employees' compensation and related costs

Employees' compensation and related costs include amounts paid to Trading Representatives for their share of trading income. Details of employees' compensation and related costs for the respective financial years ended 31 December included the following:

	Group	
	2010 \$'000	2009 \$'000
Employees' benefits expense (including directors) :		
Salaries and bonuses	(8,254)	(3,985)
CPF contributions	(241)	(104)
Other short-term benefits	(350)	(317)
	(8,845)	(4,406)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

26. Employees' benefits (cont'd)

(b) Employee share option plan

The G. K. Goh Share Option Scheme 2000

The G. K. Goh Share Option Scheme 2000 ("2000 SOS") which had been approved by shareholders on 25 November 2000 had lapsed on 25 November 2010 and has since been discontinued.

There were no outstanding options under the 2000 SOS immediately prior to the discontinuation of the 2000 SOS.

27. Related party disclosures

An entity or individual is considered a related party of the Group for the purposes of the financial statements if: i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or ii) it is subject to common control or significant influence.

(a) Sale and purchase of services

The following transactions between the Group and related parties who are not members of the Group took place during the financial year at terms agreed between the parties:

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Associated companies:				
Interest income	261	186	–	–
Brokerage income	–	55	–	–
Rental income	61	–	–	–
Professional fees	90	77	–	–
Subsidiary companies:				
Interest income	–	–	7,600	3,109
Fellow subsidiary companies:				
Rental income	28	32	–	–

(b) Sale of long-term investment

On 8 November 2010, the Group completed the sale of its 2,400,000 shares in NewReg Pty Ltd to an associated company for a consideration of \$9,416,000. The gain on disposal was \$2,919,000.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

27. Related party disclosures (cont'd)

(c) Compensation of key management personnel

	Group	
	2010	2009
	\$'000	\$'000
Short-term employee benefits	5,514	2,568
CPF contributions	33	43
Total compensation	5,547	2,611
Comprise amounts paid to:		
Directors of the Company	4,279	1,659
Other directors of its subsidiaries	1,268	952
	5,547	2,611

Key management personnel of the Group comprise directors of the Company and its subsidiary companies. The remuneration of key management personnel are determined by the remuneration committee having regard to the performance of individuals and market trends.

28. Segmental results

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments: investment holding and futures and foreign exchange broking.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

28. Segmental results (cont'd)

2010	Investment holding \$'000	Futures and foreign exchange broking \$'000	Elimination \$'000	Consolidation \$'000
Revenue:				
External revenue	24,171	6,211	–	30,382
Inter-segment revenue	15	53	(68)	–
Total revenue	24,186	6,264	(68)	30,382
Results:				
Interest income	1,203	344	(15)	1,532
Interest expense	239	63	(15)	287
Depreciation	597	87	–	684
Fair value adjustments	914	–	–	914
Reversal of impairment of investment property	2,573	–	–	2,573
Share of profit of associated companies	12,795	–	–	12,795
Negative goodwill arising from the acquisition of associated companies	127	–	–	127
Segment profit/(loss)	30,999	(745)	–	30,254
Balance sheet				
Assets:				
Investment in associated companies and joint ventures	106,588	–	–	106,588
Additions to non-current assets	40	112	–	152
Segment assets	322,992	110,886	(6,655)	427,223
Unallocated assets				712
Total assets				427,935
Liabilities:				
Segment liabilities	25,275	95,165	(6,655)	113,785
Unallocated liabilities				1,488
Total liabilities				115,273



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

28. Segmental results (cont'd)

2009	Investment holding \$'000	Futures and foreign exchange broking \$'000	Elimination \$'000	Consolidation \$'000
Revenue:				
External revenue	20,199	2,649	–	22,848
Inter-segment revenue	–	26	(26)	–
Total revenue	20,199	2,675	(26)	22,848
Results:				
Interest income	700	323	–	1,023
Interest expense	146	42	–	188
Depreciation	564	229	–	793
Fair value adjustments	15,503	–	–	15,503
Impairment of investment property	(2,594)	–	–	(2,594)
Share of loss of associated companies	(1,156)	–	–	(1,156)
Loss on dilution of equity interest in associated companies	(7,768)	–	–	(7,768)
Negative goodwill arising from the acquisition of associated companies	6,567	–	–	6,567
Segment profit/(loss)	6,121	(1,592)	–	4,529
Balance sheet				
Assets:				
Investment in associated companies and joint ventures	112,487	–	–	112,487
Additions to non-current assets	82	31	–	113
Segment assets	290,191	44,899	(72)	335,018
Unallocated assets				989
Total assets				336,007
Liabilities:				
Segment liabilities	14,396	25,428	(72)	39,752
Unallocated liabilities				797
Total liabilities				40,549

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

28. Segmental results (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Singapore	2,259	2,421	25,647	23,521
Japan	519	203	–	–
Thailand	159	135	–	–
Malaysia	20	42	–	–
Indonesia	13	5	–	–
Taiwan	42	10	–	–
Philippines	–	–	417	519
Others	3	4	–	–
Total	3,015	2,820	26,064	24,040

Revenue information presented above consists of commission, service and rental income. It does not include forex broking revenue of \$4,971,000 (2009: \$1,058,000) which is not allocated to locations.

Non-current assets information consist of property, plant and equipment and investment properties as presented in the consolidated balance sheet.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

29. Financial instruments

The table below is an analysis of the carrying amounts of financial instruments by categories as defined in FRS 39 as at 31 December:

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Available-for-sale investments:				
Quoted equity securities in corporations	13,407	14,940	–	–
Unquoted equity securities in corporations	3,909	5,968	–	–
Unquoted unit trust funds	46,856	43,920	–	–
	64,172	64,828	–	–
Held-to-maturity investments:				
Unquoted 8.0% unsecured convertible loan	1,159	1,008	–	–
Loans and receivables				
Amounts receivable from subsidiary companies	–	–	189,838	186,032
Amounts receivable from associated companies	656	842	–	–
Trade debtors	7,687	3,619	–	–
Other debtors	272	364	89	2
Cash and bank balances	144,955	83,330	31,397	32,514
	153,570	88,155	221,324	218,548
Fair value through profit or loss:				
Designated upon initial recognition:				
Quoted zero coupon convertible bonds	7,869	–	–	–
Held-for-trading:				
Quoted equity securities in corporations	66,802	43,895	–	–
	74,671	43,895	–	–
Financial liabilities (at amortised cost):				
Trade creditors	87,463	24,838	–	–
Other creditors	6,631	3,160	659	674
Bank borrowings	19,691	11,754	–	–
	113,785	39,752	659	674

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

29. Financial instruments (cont'd)

(a) Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

(b) Financial instruments carried at fair value

The Group and the Company has carried all investments that are classified as available-for-sale or fair value through profit or loss investments at their fair value as required by FRS 39.

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Group 2010	Quoted prices in active markets for identical instruments (Level 1) \$'000	Significant other observable inputs (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000	Total \$'000
Available-for-sale				
Quoted equity securities in corporations	13,407	–	–	13,407
Unquoted equity securities in corporations	–	–	3,909	3,909
Unquoted unit trust funds	–	46,856	–	46,856
Fair value through profit or loss				
Designated upon initial recognition: Zero coupon convertible bonds	7,869	–	–	7,869
Held-for-trading: Quoted equity securities in corporations	66,802	–	–	66,802
At 31 December	88,078	46,856	3,909	138,843



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

29. Financial instruments (cont'd)

(b) Financial instruments carried at fair value (cont'd)

Group 2009	Quoted prices in active markets for identical instruments (Level 1) \$'000	Significant other observable inputs (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000	Total \$'000
Available-for-sale				
Quoted equity securities in corporations	14,940	–	–	14,940
Unquoted equity securities in corporations	–	–	5,968	5,968
Unquoted unit trust funds	–	43,920	–	43,920
Fair value through profit or loss				
Held-for-trading:				
Quoted equity securities in corporations	43,895	–	–	43,895
At 31 December	58,835	43,920	5,968	108,723

Fair value hierarchy

The Group uses a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – Quoted prices unadjusted in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (i.e., unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

29. Financial instruments (cont'd)

(b) Financial instruments carried at fair value (cont'd)

Methods and assumptions used to determine fair values

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values, are as follows:

Financial assets and liabilities	Methods and assumptions
<ul style="list-style-type: none"> Investment securities (quoted shares) 	Fair value has been determined by reference to published market prices at the balance sheet date.
<ul style="list-style-type: none"> Investment securities (unit trust funds) 	Fair value has been determined by reference to broker quotes at the balance sheet date.
<ul style="list-style-type: none"> Investment securities (unquoted shares) 	Fair value of these unquoted shares has been estimated using a valuation technique based on assumptions of certain dividend yield and discount rate that are not supported by observable market prices or rates. Management believes the estimated fair values resulting from the valuation technique which are recorded in the balance sheets and the related changes in fair values recorded in the fair value adjustment reserve are reasonable and the most appropriate at the balance sheet date.
<ul style="list-style-type: none"> Held-to-maturity investments Loans and receivables Financial liabilities 	Fair value has been determined using discounted estimated cash flows. Where repayment terms are not fixed, future cash flows are projected based on management's best estimates. The discount rates used are the current market incremental lending rates for similar types of lending, borrowing and leasing arrangements.
<ul style="list-style-type: none"> Foreign currency contracts 	Fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

29. Financial instruments (cont'd)

(b) Financial instruments carried at fair value (cont'd)

Movements in Level 3 financial instruments measured at fair value

The following table presents the reconciliation for all financial instruments measured at fair value based on significant unobservable inputs (Level 3).

	Group	
	2010	2009
	\$'000	\$'000
At 1 January	5,968	5,601
Total gains or losses:		
– in other comprehensive income	624	1,439
– in profit or loss	(1,029)	–
Impairment loss	(159)	(1,072)
Purchases	1,696	–
Sales	(3,191)	–
At 31 December	3,909	5,968

(c) Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of cash and short-term deposits, current trade and other receivables, current trade and other payables, and bank borrowings, based on their notional amounts, reasonably approximate their fair values because these are either short-term in nature or loans that are re-priced to market interest rates.

The difference between the carrying value and fair value of the held-to-maturity investment is not significant.

30. Financial risk management objectives and policies

The Group's principal financial instruments comprise available-for-sale investments, fair value through profit or loss investments, and cash and short-term deposits. These financial instruments are used directly in the Group's operations. The Group has various other financial assets and liabilities such as trade debtors and trade creditors, which arise directly from its operations.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

30. Financial risk management objectives and policies (cont'd)

The main risks arising from the Group's financial instruments are price risk, interest rate risk, foreign currency risk, liquidity risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Price risk

The Group is exposed to price risk on the quoted equity securities and unquoted unit trust funds it holds. The prices of quoted equity securities are monitored daily by the management. The performance of the unquoted unit trust funds is monitored monthly or quarterly by reviewing the financial statements and performance reports from fund managers.

(b) Interest rate risk

The Group's exposure to interest rate risk relates primarily to its fixed deposit placements with financial institutions, and bank borrowings which bear interest rates pegged to the lender's cost of funds. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure. Interest rate risk is managed by placing deposits on varying maturities and interest rate terms.

(c) Foreign currency risk

The Group holds assets and liabilities denominated in currencies other than Singapore dollars, the measurement currency of the Group. Consequently, the Group is exposed to foreign currency risk since the value of these assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates. Forward currency contracts are used to reduce currency exposures. The Group conducts reviews periodically to ensure that the net exposure is kept at an acceptable level.

In addition, the Company's subsidiary company, G. K. Goh Financial Services (S) Pte Ltd ("GKGFS"), provides clients with the opportunity to enter into over-the-counter ("OTC") spot foreign exchange positions. In such cases, GKGFS enters into the transaction with the client as principal. All such transactions are subject to margining requirements. GKGFS hedges its foreign currency risk exposure on such positions by entering into offsetting transactions with a variety of financial institution counterparties. Management assesses the creditworthiness of these counterparties prior to establishment of business and on an ongoing basis.

(d) Liquidity risk

The Group manages liquidity risk arising from financial liabilities by maintaining an adequate level of cash and cash equivalents and committed stand-by credit facilities with at least 3 different banks. The Group monitors its liquidity risk using a recurring liquidity planning tool. This tool considers the maturity of its financial assets and liabilities, including the extent of



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

30. Financial risk management objectives and policies (cont'd)

(d) Liquidity risk (cont'd)

credit float opportunities, and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

(e) Credit risk

Credit risk arises from the inability of a counterparty to fulfill the net obligations to the Group. At the balance sheet date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial asset recognised in the balance sheet.

Management has a credit policy in place and the exposure to credit risk is managed through credit approvals, credit limits and monitoring procedures on an ongoing basis. Where appropriate, the Company or its subsidiary companies will obtain collateral from its clients.

The Group has no significant concentration of credit risks. Cash is placed with a number of creditworthy financial institutions.

31. Financial risks

(a) Price risk

Investments held by the Group that are exposed to price risk as at 31 December are as follows:

	Group	
	2010	2009
	\$'000	\$'000
Available-for-sale		
Unquoted unit trust funds	46,856	43,920
Quoted equity securities in corporations:		
– Singapore	11,763	11,763
– Malaysia	–	904
– Others	1,644	2,273
Fair value through profit or loss		
Quoted zero coupon convertible bonds	7,869	–
Quoted equity securities in corporations:		
– Singapore	18,168	22,206
– USA	13,281	694
– Malaysia	11,186	3,791
– Others	24,167	17,204

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

31. Financial risks (cont'd)

(a) Price risk (cont'd)

The table below summarises the impact of increases/decreases of three relevant stock market indexes on the Group's profit/loss for the financial year and on equity. The analysis is based on the assumption that the stock market has increased/decreased by 5% (2009: 5%) with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index.

Profit for the financial year would increase/decrease as a result of gains on quoted equity securities and convertible bonds classified as financial assets at fair value through profit or loss. Equity would increase/decrease as a result of gains on quoted equity securities classified as available-for-sale financial assets.

Indexes	Increase/ (decrease)	Group			
		Impact on profit/ loss for the year		Impact on equity	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Straits Times Index	± 5% (2009: ± 5%)	± 719	± 879	± 541	± 525
S&P 500 Index	± 5% (2009: ± 5%)	± 263	± 7	–	–
Kuala Lumpur Composite Index	± 5% (2009: ± 5%)	± 981	± 373	–	± 96

The unquoted unit trust funds are discretionary and broad-based, and the Group has no control over the investments held by each fund. Therefore, the performance of the funds cannot be benchmarked against the stock market index.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

31. Financial risks (cont'd)

(b) Interest rate risk

The following table sets out the carrying amount of the Group's financial instruments that are exposed to interest rate risk:

	Group	
	2010 \$'000	2009 \$'000
Floating rate		
Fixed deposits	63,411	63,960
Margin deposits placed with forex and clearing brokers	6,295	3,409
Amounts due from customers	2,060	1,960
Amounts segregated for customers	(78,090)	(24,580)
Bank borrowings	(19,691)	(11,754)
Fixed rate		
Unquoted 8.0% unsecured convertible loan	1,159	1,008

As at 31 December 2010, if market interest rates at that date had been 25 basis points (2009: 25 basis points) higher/lower with all other variables held constant, profit for the financial year would have been \$65,000 lower/higher (2009: \$82,000 higher/lower).

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

31. Financial risks (cont'd)

(c) Foreign currency risk

The Group has foreign currency exposures mainly in 3 currencies: US dollars ("USD"), Malaysia ringgit ("MYR") and Japanese yen ("JPY"). The net exposures are summarised as follows:

	USD \$'000	Group MYR \$'000	JPY \$'000
2010			
Available-for-sale investments	45,848	–	–
Fair value through profit or loss investments	13,281	11,186	8,879
Cash and bank balances	9,468	3,177	61,988
Trade debtors	2,871	121	2,441
Other debtors	21	1	7
Trade creditors	(11,825)	(50)	(61,972)
Other creditors	(332)	(509)	(32)
Bank borrowings	(8,587)	–	–
	50,745	13,926	11,311
2009			
Available-for-sale investments	42,044	904	–
Fair value through profit or loss investments	694	3,791	781
Cash and bank balances	6,915	2,224	4,215
Trade debtors	595	107	1,047
Other debtors	212	–	9
Trade creditors	(5,549)	(38)	(5,252)
Other creditors	(28)	(500)	–
	44,883	6,488	800

At 31 December 2010, if the SGD had weakened/strengthened 5% against the USD with all other variables held constant, profit for the financial year would have been \$245,000 (2009: \$142,000) higher/lower, and fair value reserves would have been \$1,903,000 (2009: \$1,745,000) higher/lower.

If the SGD had weakened/strengthened 5% against the MYR with all other variables held constant, profit for the financial year would have been \$696,000 (2009: \$279,000) higher/lower, and fair value reserves would have been \$Nil (2009: \$38,000) higher/lower.

If the SGD had weakened/strengthened 5% against the JPY with all other variables held constant, profit for the financial year would have been \$566,000 (2009: \$40,000) higher/lower. There would be no impact to fair value reserves for 2010 and 2009.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

31. Financial risks (cont'd)

(d) Liquidity risk

The table below summarises the maturity profile of the Group's financial liabilities, including commitments, as at 31 December based on contractual undiscounted payments:

	On demand \$'000	Less than 3 months \$'000	Group 3 to 12 months \$'000	More than 12 months \$'000	Total \$'000
2010					
Trade creditors	78,284	9,179	–	–	87,463
Other creditors	3,184	647	2,800	–	6,631
Bank borrowings	–	192	9,245	12,319	21,756
Operating lease commitments	–	277	737	1,198	2,212
Other commitments	9,749	–	–	–	9,749
2009					
Trade creditors	24,810	28	–	–	24,838
Other creditors	2,662	230	268	–	3,160
Bank borrowings	–	197	588	13,402	14,187
Operating lease commitments	–	89	806	2,149	3,044
Other commitments	15,882	–	–	–	15,882

(e) Credit risk

Financial assets that are neither past due nor impaired

Trade and other debtors that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and bank balances, investment securities and derivatives are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 12 (Long-term investments), Note 14 (Amounts receivable from subsidiary companies), Note 15 (Amounts receivable from associated companies) and Note 16 (Trade debtors).

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

32. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2010 and 31 December 2009.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. As the Group is in a net cash position as of the financial years ended 31 December 2010 and 2009, the gearing ratio is therefore not meaningful.

Net cash includes cash and bank balances less trade and other creditors and total capital includes equity attributable to equity holders of the parent, less the capital reserve set aside for equity options granted to employees.

	Group	
	2010	2009
	\$'000	\$'000
Trade creditors	(87,463)	(24,838)
Other creditors	(6,631)	(3,160)
Bank borrowings	(19,691)	(11,754)
Add: Cash and bank balances	144,955	83,330
Net cash	31,170	43,578
Equity attributable to the equity holders of the Parent	312,662	290,932
Less: Capital reserve	(609)	(362)
Total capital	312,053	290,570
Capital and net debt	312,053	290,570
Gearing ratios	nm	nm

33. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2010 were authorised for issue in accordance with a resolution of the directors on 10 March 2011.



STATISTICS OF SHAREHOLDINGS

AS AT 3 MARCH 2011

Class of equity securities: Ordinary share
No. of equity securities: 317,178,805
Voting rights: One vote per share

As at 3 March 2011, the Company did not hold any treasury shares.

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	272	2.92	128,193	0.04
1,000 - 10,000	7,847	84.22	29,275,860	9.23
10,001 - 1,000,000	1,187	12.74	39,987,167	12.61
1,000,001 and above	11	0.12	247,787,585	78.12
Total	9,317	100.00	317,178,805	100.00

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1	GKG Investment Holdings Pte Ltd	179,849,460	56.70
2	Tay Kwang Thiam	18,500,000	5.83
3	United Overseas Bank Nominees Pte Ltd	13,921,400	4.39
4	DBS Nominees Pte Ltd	13,534,225	4.27
5	OCBC Nominees Singapore Pte Ltd	5,937,000	1.87
6	Citibank Nominees Singapore Pte Ltd	4,240,000	1.34
7	Estate of Mrs Lim Kam Foong@Tai Kam Foong @Tai Kim Fong, Deceased	3,200,000	1.01
8	Raffles Nominees (Pte) Ltd	2,676,000	0.84
9	Lim Keng Jin	2,612,000	0.82
10	HSBC (Singapore) Nominees Pte Ltd	2,314,500	0.73
11	See Beng Lian Janice	1,003,000	0.32
12	Phillip Securities Pte Ltd	736,800	0.23
13	Tan Eng Seng Holding Pte Ltd	612,000	0.19
14	Lim Wei Shen	525,000	0.17
15	UOB Kay Hian Pte Ltd	484,000	0.15
16	Tan Citi Time Pte Ltd	447,000	0.14
17	Tang Chon Luang	427,500	0.13
18	Tan Yong Chiang or Tan Hui Liang	380,000	0.12
19	OCBC Securities Private Ltd	343,900	0.11
20	Choo Ah Seng	306,000	0.10
	Total	252,049,785	79.46

STATISTICS OF SHAREHOLDINGS (continued)

AS AT 3 MARCH 2011

List of Substantial Shareholders as at 3 March 2011

(As recorded in the Register of Substantial Shareholders)

Names of Substantial Shareholders	No. of shares in which shareholders have a direct interest	%	No. of shares in which shareholders are deemed to have an interest	%
GKG Investment Holdings Pte Ltd	179,849,460	56.70	–	–
Goh Geok Khim	–	–	179,849,460	56.70
Goh Yew Lin	–	–	179,849,460	56.70
Tay Kwang Thiam	18,500,000	5.83	–	–

Note:

The deemed interest of Mr Goh Geok Khim and Mr Goh Yew Lin arise from their interest in GKG Investment Holdings Pte Ltd.

Public Float

As at 3 March 2011, 35.6% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.



NOTICE OF ANNUAL GENERAL MEETING

G. K. GOH HOLDINGS LIMITED
(Company Registration No. 199000184D)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Twenty-second Annual General Meeting of G. K. Goh Holdings Limited (“the Company”) will be held at Cinnamon Room, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031 on Monday, 25 April 2011 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Report and the Audited Financial Statements of the Company for the year ended 31 December 2010 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a first and final dividend of 3.0 Singapore cents per share (one-tier tax exempt) for the year ended 31 December 2010 (2009: 1.5 Singapore cents per share). **(Resolution 2)**
3. To re-elect Mr Nicholas George, a Director of the Company retiring pursuant to Articles 86 of the Articles of Association of the Company. **(Resolution 3)**

Mr Nicholas George will, upon re-election as Director of the Company, remain as a member of the Audit, Nominating and Remuneration Committees and will be considered independent.

4. To re-appoint the following Directors, each of whom will retire and seek re-appointment under Section 153(6) of the Companies Act, Cap. 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting:

Mr Goh Geok Khim **(Resolution 4)**

Mr Lim Keng Jin **(Resolution 5)**

Mr Tang See Chim **(Resolution 6)**

[See Explanatory Note (i)]

Mr Goh Geok Khim will, upon re-appointment as Director of the Company, remain as Chairman of the Board and a member of the Nominating Committee and will be considered non-independent.

Mr Tang See Chim will, upon re-appointment as Director of the Company, remain as the Chairman of the Nominating and Remuneration Committees and a member of the Audit Committee and will be considered independent.

5. To approve the payment of Directors’ fees of S\$202,000 for the year ended 31 December 2010 (2009: S\$162,000). **(Resolution 7)**
6. To re-appoint Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 8)**
7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING (continued)

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. Authority to issue shares

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);



NOTICE OF ANNUAL GENERAL MEETING (continued)

- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of any convertible securities;
 - (b) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)]

(Resolution 9)

By Order of the Board

Tan Cher Liang

Tan San-Ju

Secretaries

Singapore

23 March 2011

NOTICE OF ANNUAL GENERAL MEETING (continued)

Explanatory Notes:

- (i) Resolutions 4, 5 and 6 in item 4 above will be individually proposed at the Annual General Meeting. Each is an Ordinary Resolution for the re-appointment of a Director of the Company who is over 70 years of age.
- (ii) Resolution 9 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 50 Raffles Place #33-00, Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for holding the Meeting.

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