



G. K. GOH HOLDINGS LIMITED
Financial Statements
And Related Announcement
For Second Quarter Ended 30 June 2012

(Co. Reg. No. 199000184D)

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REVIEW OF PERFORMANCE OF THE GROUP

Results for the 2nd Quarter

Overall, the Group turned in a loss of S\$2.0 million for the 2nd quarter, compared with profits of S\$8.4 million in the corresponding period last year, and S\$12.7 million in the 1st quarter of 2012. Both of the latter numbers were augmented by one-off asset sales on the part of our private equity associate, Value Monetization Ltd (“VML”), which contributed net profits of S\$7.5 million for the June 2011 quarter, and S\$7.4 million in the March 2012 quarter.

The revenue line is not particularly meaningful as investment gains and losses make up a significant part of total revenue, and in a loss-making period, total revenue can turn negative. Within the reported revenue numbers of S\$2.8 million, investment loss was S\$1.6 million.

Total comprehensive income, which takes into account changes in the fair value of available-for-sale financial assets, showed a loss of S\$8.6 million for the 2nd quarter (2Q2011: profit of S\$7.2 million) because of reduced market valuations for some long-term investments.

Financial markets turned volatile in the 2nd quarter, with Asian stockmarkets particularly unsettled as China’s growth engine showed signs of faltering. Our relatively conservative positioning helped to limit the realised and unrealised losses on our short-term investment portfolio to S\$1.9 million. This figure includes interest income and dividends received. This loss was partly offset by profits from the sale of long-term property and investments which were once associated with our former Philippines stockbroking operations.

G. K. Goh Financial Services (S) Pte Ltd (“GKGFS”), which primarily operates as a foreign exchange broker, was affected by an overall reduction in trading activity and delivered a marginal loss for the quarter, after a marginally profitable first quarter. GKGFS revenues amounted to S\$4.3 million (1Q2012: S\$4.5 million). More positively, its trading platform has attracted a wider range of clients, and it is now well-positioned to benefit if there is an upturn in trading activity.

Boardroom Limited continues to do reasonably well in a highly competitive market, contributing S\$0.6 million to our bottom line, while VML contributed S\$0.5 million. Our other associates did not make much of an impact.

Eastern & Oriental Berhad (“E&O”) previously contributed to the Group’s earnings as an associate, but this ceased following the sale of much of our stake in the third quarter of 2011, at RM2.30 per share. In recent months, we have purchased additional shares in E&O, raising our stake to approximately 5% of E&O, at prices of less than RM1.50 per share. This reflects our belief that E&O remains significantly undervalued. E&O is classified in our accounts as a long-term investment.

The reduction in employees’ compensation relates to the reduction in senior executive bonus provisions which are directly linked to group profits.

REVIEW OF PERFORMANCE OF THE GROUP (CONT'D)

Results for the Six Months

For the six month period, Group net profits were S\$10.7 million (1H2011: S\$10.7 million), equivalent to approximately 3.37 cents per share. Total comprehensive income for the first half was S\$7.2 million (1H2011: S\$6.2 million).

The profits were helped by strong financial markets in the first quarter, and by the booking of S\$7.4 million in profit contributions from the sale of a workers dormitory by VML.

The Group's balance sheet remains very liquid, with net current assets of S\$137.8 million (Dec 2011: S\$174.6 million) even after the payment of S\$19.0 million in dividends. Net asset value was S\$1.10 per share as at 30 June 2012, compare to S\$1.14 per share as at 31 December 2011. The decline was mainly due to the dividend payment.

VARIANCE BETWEEN PREVIOUS PROSPECT STATEMENT AND ACTUAL RESULTS

None

COMMENTARY ON PROSPECTS

Financial markets remain very volatile and are likely to remain so. Whilst all eyes are on Eurozone, and in particular on its peripheral members, there are growing concerns about the pace and extent of China's slowdown, and increasing doubts on the durability of the rebound seen earlier this year in the United States. The deleveraging of the major Western economies will pose challenges for many more years. By now, none of this is news, and markets have to some extent priced in the risks. However, the extent of further downside depends in large part on the policy choices taken at a time of rising political polarisation. The effects of the US drought on food prices add further to social stability risks in many countries.

The Group's balance sheet is positioned for a prolonged winter while we search for opportunities to invest in strong businesses at attractive valuations. We are not in a rush to invest, though we are conscious of the very low returns that our cash is currently giving us. We will remain disciplined in searching for investments that meet our criteria for risk and potential returns.

Our returns for the rest of this year will be significantly affected by our short-term investments. Depending on how markets behave, these returns may be positive or negative, possibly cushioned by further payouts from VML which has reached the end of its investment life and is progressively realising its assets. Given the exceptional returns which this fund has achieved, we intend to invest in the launch of a follow-on fund to be set up in the latter part of this year.

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INCOME STATEMENT

(Amounts in Singapore dollars)
(These figures have not been audited)

	Note	Group 3 months ended			Group 6 months ended		
		30 Jun 2012 \$'000	30 Jun 2011 \$'000	+ / (-) %	30 Jun 2012 \$'000	30 Jun 2011 \$'000	+ / (-) %
Continuing operations							
Revenue							
Commission and broking revenue		4,213	5,317	(21)	8,599	10,046	(14)
Investment income		(1,582)	623	NM	5,913	2,360	151
Other income		124	373	(67)	242	888	(73)
Total revenue		<u>2,755</u>	<u>6,313</u>	(56)	<u>14,754</u>	<u>13,294</u>	11
Cost and expenses							
Commission and broking expenses		(2,071)	(3,068)	(32)	(4,361)	(5,817)	(25)
Employees' compensation and related costs		(1,745)	(2,692)	(35)	(4,904)	(4,444)	10
Office and equipment rental costs		(244)	(161)	52	(487)	(408)	19
Depreciation		(187)	(210)	(11)	(372)	(403)	(8)
Technology and information service costs		(508)	(317)	60	(995)	(596)	67
Gain / (loss) on foreign currency exchange		66	(202)	NM	3	(230)	NM
Provision for doubtful debts		(124)	(23)	439	(175)	(44)	298
Other operating expenses		(994)	(1,044)	(5)	(1,583)	(1,565)	1
Total cost and expenses		<u>(5,807)</u>	<u>(7,717)</u>	(25)	<u>(12,874)</u>	<u>(13,507)</u>	(5)
(Loss) / profit from operating activities		(3,052)	(1,404)	117	1,880	(213)	NM
Finance costs		(112)	(81)	38	(230)	(158)	46
Share of profit of associated companies		1,077	9,339	(88)	9,840	10,284	(4)
(Loss) / profit before taxation	B	(2,087)	7,854	NM	11,490	9,913	16
Taxation	C	54	594	(91)	(818)	808	NM
(Loss) / profit for the period, attributable to Owners of the Company		<u>(2,033)</u>	<u>8,448</u>	NM	<u>10,672</u>	<u>10,721</u>	(0)

NM: Not meaningful

Basic and diluted earnings per share
- continuing operations

E
(0.64) cents 2.66 cents 3.37 cents 3.38 cents

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME

(Amounts in Singapore dollars)
(These figures have not been audited)

	Group			Group		
	3 months ended		+ / (-) %	6 months ended		+ / (-) %
	30 Jun 2012	30 Jun 2011		30 Jun 2012	30 Jun 2011	
	\$'000	\$'000		\$'000	\$'000	
(Loss) / profit net of tax	(2,033)	8,448	NM	10,672	10,721	(0)
Other comprehensive income / (loss)						
Net loss on fair value changes of available-for-sale financial assets	(6,157)	(1,159)	431	(3,217)	(3,961)	(19)
Share of other comprehensive loss of associated companies	(448)	(8)	5,500	(280)	(28)	900
Foreign currency translation	83	(46)	NM	(25)	(563)	(96)
Other comprehensive loss for the period, net of tax	(6,522)	(1,213)	438	(3,522)	(4,552)	(23)
Total comprehensive (loss) / income for the period, attributable to Owners of the Company	(8,555)	7,235	NM	7,150	6,169	16

NM : Not meaningful

Financial Statements

BALANCE SHEETS

(Amounts in Singapore dollars)
(These figures have not been audited)

	Note	Group		Company	
		30 Jun 2012 \$'000	31 Dec 2011 \$'000	30 Jun 2012 \$'000	31 Dec 2011 \$'000
Non-current assets					
Property, plant and equipment		1,620	1,571	-	-
Investment properties		-	337	-	-
Subsidiary companies		-	-	51,572	51,544
Associated companies		51,461	42,484	5,688	5,688
Long-term investments		154,469	138,578	-	-
Deferred tax asset		2,586	2,354	-	-
Other receivables		1,000	1,042	-	-
Current assets					
Amounts receivable from subsidiary companies		-	-	167,477	110,706
Trade debtors		20,488	9,493	-	-
Other debtors		5,054	1,516	47	17
Short-term investments		70,784	51,471	-	-
Cash and bank balances		217,913	239,328	37,070	102,581
		<u>314,239</u>	<u>301,808</u>	<u>204,594</u>	<u>213,304</u>
Current liabilities					
Amounts due to associated companies		366	277	-	-
Trade creditors		163,377	106,882	-	-
Other creditors		4,330	9,292	303	450
Bank borrowings	D	7,104	9,491	7,104	3,248
Provision for taxation		1,218	1,258	599	434
		<u>176,395</u>	<u>127,200</u>	<u>8,006</u>	<u>4,132</u>
Net current assets		137,844	174,608	196,588	209,172
Non-current liabilities					
Deferred tax liability		622	545	355	245
Net assets		<u>348,358</u>	<u>360,429</u>	<u>253,493</u>	<u>266,159</u>
Equity					
Share capital		183,112	183,112	183,112	183,112
Capital reserve		137	137	137	137
Revenue reserve		164,160	173,123	70,244	82,910
Fair value adjustment reserve		4,356	6,938	-	-
Foreign currency translation reserve		(3,407)	(2,881)	-	-
Total equity		<u>348,358</u>	<u>360,429</u>	<u>253,493</u>	<u>266,159</u>

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STATEMENTS OF CHANGES IN EQUITY

(Amounts in Singapore dollars)

(These figures have not been audited)

Group 2012	Attributable to Owners of the Company					Total Equity \$'000
	Share Capital \$'000	Revenue Reserve \$'000	Capital Reserve \$'000	Fair Value Adjustment Reserve \$'000	Foreign Currency Translation Reserve \$'000	
	Opening balance at 1 April 2012	183,112	185,620	137	10,435	
Loss for the period	-	(2,033)	-	-	-	(2,033)
<u>Other comprehensive income / (loss)</u>						
Net loss on fair value changes of available-for-sale financial assets	-	-	-	(6,157)	-	(6,157)
Share of other comprehensive (loss) / income of associated companies	-	(418)	-	78	(108)	(448)
Foreign currency translation	-	-	-	-	83	83
Other comprehensive loss for the period	-	(418)	-	(6,079)	(25)	(6,522)
Total comprehensive loss for the period	-	(2,451)	-	(6,079)	(25)	(8,555)
<u>Contributions by and distributions to owners</u>						
Change in equity share of associated companies	-	106	-	-	-	106
Shares re-purchased	-	(109)	-	-	-	(109)
Dividends on ordinary shares paid	-	(19,006)	-	-	-	(19,006)
Total transactions with owners in their capacity as owners	-	(19,009)	-	-	-	(19,009)
Closing balance at 30 June 2012	183,112	164,160	137	4,356	(3,407)	348,358

Financial Statements

STATEMENTS OF CHANGES IN EQUITY (Continued)

Group 2011	Attributable to Owners of the Company					Total Equity \$'000
	Share Capital \$'000	Revenue Reserve \$'000	Capital Reserve \$'000	Fair Value Adjustment Reserve \$'000	Foreign Currency Translation Reserve \$'000	
	Opening balance at 1 April 2011	183,112	134,700	589	(639)	
Profit for the period	-	8,448	-	-	-	8,448
<u>Other comprehensive income / (loss)</u>						
Net loss on fair value changes of available-for-sale financial assets	-	-	-	(1,159)	-	(1,159)
Share of other comprehensive loss of associated companies	-	-	(8)	-	-	(8)
Foreign currency translation	-	-	-	-	(46)	(46)
Other comprehensive loss for the period	-	-	(8)	(1,159)	(46)	(1,213)
Total comprehensive income / (loss) for the period	-	8,448	(8)	(1,159)	(46)	7,235
<u>Contributions by and distributions to owners</u>						
Change in equity share of associated companies	-	(4)	-	-	-	(4)
Dividends on ordinary shares paid	-	(9,515)	-	-	-	(9,515)
Total transactions with owners in their capacity as owners	-	(9,519)	-	-	-	(9,519)
Closing balance at 30 June 2011	183,112	133,629	581	(1,798)	(6,672)	308,852

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STATEMENTS OF CHANGES IN EQUITY (Continued)

Company 2012	Share Capital \$'000	Revenue Reserve \$'000	Capital Reserve \$'000	Total Equity \$'000
Opening balance at 1 April 2012	183,112	83,413	137	266,662
Profit for the period	-	5,946	-	5,946
Total comprehensive income for the period	-	5,946	-	5,946
<u>Contributions by and distributions to owners</u>				
Shares re-purchased	-	(109)	-	(109)
Dividends on ordinary shares paid	-	(19,006)	-	(19,006)
Total transactions with owners in their capacity as owners	-	(19,115)	-	(19,115)
Closing balance at 30 June 2012	183,112	70,244	137	253,493

Company 2011	Share Capital \$'000	Revenue Reserve \$'000	Capital Reserve \$'000	Total Equity \$'000
Opening balance at 1 April 2011	183,112	89,621	137	272,870
Profit for the period	-	565	-	565
Total comprehensive income for the period	-	565	-	565
<u>Contributions by and distributions to owners</u>				
Dividends on ordinary shares paid	-	(9,515)	-	(9,515)
Total transactions with owners in their capacity as owners	-	(9,515)	-	(9,515)
Closing balance at 30 June 2011	183,112	80,671	137	263,920

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CONSOLIDATED STATEMENT OF CASH FLOW

(Amounts in Singapore dollars)
(These figures have not been audited)

	Group	
	3 months ended	
	30 Jun 2012	30 Jun 2011
	\$'000	\$'000
Cash flow from operating activities:		
(Loss) / profit before taxation	(2,087)	7,854
Adjustments for :-		
Depreciation of property, plant and equipment	187	210
Gain on disposal of investment property	(854)	-
Gain on disposal of associated companies	(5)	-
Finance costs	112	81
Interest income	(572)	(364)
Dividend income	(507)	(357)
Gain on sale of long-term investments	(949)	(1,111)
Provision of allowance for doubtful debts	124	23
Fair value adjustment	4,436	4,086
Share of profit of associated companies	(1,077)	(9,339)
Operating (loss) / profit before reinvestment in working capital	(1,192)	1,083
Increase in debtors	(15,516)	(3,900)
Decrease in short-term investments	1,791	18,241
Increase in creditors	76,440	48,898
Cash flow from operations	61,523	64,322
Interest paid	(145)	(122)
Interest received	579	366
Income tax paid	(231)	(248)
Net cash from operating activities	61,726	64,318

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CONSOLIDATED STATEMENT OF CASH FLOW (Continued)

	Group	
	3 months ended	
	30 Jun 2012	30 Jun 2011
	\$'000	\$'000
Cash flow from investing activities:		
Purchase of property, plant and equipment	(308)	(176)
Proceeds from disposal of investment property	1,164	-
Purchase of long-term investments	(9,746)	(10,054)
Proceeds from sale of long-term investments	2,307	9,308
Investment in associated companies	-	(1,265)
Proceeds from disposal of associated companies	-	7,024
Net dividend received from associated companies	-	5,165
Dividend income	494	315
Net cash (used in) / from investing activities	<u>(6,089)</u>	<u>10,317</u>
Cash flow from financing activities:		
Dividends paid	(19,006)	(9,515)
Shares re-purchased	(109)	-
Repayment of bank borrowings	(3,229)	(276)
Net cash used in financing activities	<u>(22,344)</u>	<u>(9,791)</u>
Net increase in cash and cash equivalents	33,293	64,844
Effect of exchange rate changes in opening cash and cash equivalents	(74)	(1,473)
Cash and cash equivalents at beginning of period	184,694	124,447
Cash and cash equivalents at end of period	<u>217,913</u>	<u>187,818</u>

Cash and bank balances of the Group include fixed deposits of \$15,026,000 (2011: \$26,449,000) and other cash and bank balances of \$106,391,000 (2011: \$71,209,000) 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.

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NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2012

(Amounts in Singapore dollars)
(These figures have not been audited)

A. SHARE CAPITAL

In the second quarter ended 30 June 2012, 155,000 (2011: Nil) shares were purchased by the Company and no (2011: Nil) shares were issued in the same period. The total number of issued shares as at 30 June 2012 was 316,613,805 (2011: 317,178,805). The Company does not hold any treasury shares as at 30 June 2012 and 2011.

B. REVENUE AND EXPENSES

Profit before taxation includes the following:

	Group 3 months ended		Group 6 months ended	
	30 Jun 2012 \$'000	30 Jun 2011 \$'000	30 Jun 2012 \$'000	30 Jun 2011 \$'000
Commission and broking revenue –				
Commission	134	178	247	447
Forex broking revenue	4,079	5,139	8,352	9,599
Investment income –				
Fair value adjustment for short-term investments	(2,932)	(4,035)	3,525	(6,712)
Fair value adjustment for long-term investments	(1,504)	(51)	(1,452)	131
(Loss) / gain on sale of short-term investments	(33)	2,877	754	6,601
Gain on sale of long-term investments	949	1,111	574	1,147
Gross dividend income :				
- Quoted investments	507	357	776	498
Interest income :				
- Fixed deposits	107	66	262	132
- Others	465	298	615	563
Gain on disposal of associated companies	5	-	5	-
Gain on disposal of investment property	854	-	854	-
Other income –				
Service income	24	-	24	1
Rental income	95	371	210	789
Finance cost –				
Interest expense -				
Bank loans and overdrafts	(104)	(69)	(205)	(136)
Others	(8)	(12)	(25)	(22)

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

C. TAX

	Group 3 months ended		Group 6 months ended	
	30 Jun 2012 \$'000	30 Jun 2011 \$'000	30 Jun 2012 \$'000	30 Jun 2011 \$'000
Current taxation				
Current year	(460)	(137)	(588)	(263)
(Under) / over provision in respect of prior years	(1)	-	421	(10)
Deferred tax	515	731	(651)	1,081
	<u>54</u>	<u>594</u>	<u>(818)</u>	<u>808</u>

D. AGGREGATE AMOUNT OF GROUP'S BORROWINGS

	Secured		Unsecured	
	30 Jun 2012 \$'000	31 Dec 2011 \$'000	30 Jun 2012 \$'000	31 Dec 2011 \$'000
Amount due within one year	-	-	7,104	9,491
Amount due after one year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>7,104</u>	<u>9,491</u>

E. EARNINGS PER SHARE

Basic and diluted earnings per share ("EPS") are calculated by dividing the loss attributable to shareholders of \$2,033,000 (2011: profit of \$8,448,000) by the weighted average number of ordinary shares in issue during the period of 316,717,138 (2011: 317,178,805).

There are no outstanding share options as at 30 June 2012 and 2011.

F. NET ASSET VALUE PER SHARE

	Group		Company	
	30 Jun 2012	31 Dec 2011	30 Jun 2012	31 Dec 2011
Net asset value per share based on existing issued share capital as at the end of the respective period	110.03 cts	113.64 cts	80.06 cts	83.91 cts
	<u>110.03 cts</u>	<u>113.64 cts</u>	<u>80.06 cts</u>	<u>83.91 cts</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

G. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The accounting policies have been consistently applied by the Company and by the Group and are consistent with those used in the previous financial year.

DIVIDENDS

	Group and Company 3 months ended	
	30 Jun 2012	30 Jun 2011
	\$'000	\$'000
Final dividends paid, 2.0 cents per ordinary share, one-tier tax exempt (2011: 3.0 cents per ordinary share)	6,335	9,515
Special dividends paid, 4.0 cents per ordinary share, one-tier tax exempt (2011: Nil)	12,671	-
	<u>19,006</u>	<u>9,515</u>

No dividend was declared or recommended during the period ended 30 June 2012 (2011: Nil).

AUDIT

These Financial Statements have not been audited or reviewed by the Auditors.

INTERESTED PERSON TRANSACTIONS

The Company does not have an Interested Person Transactions mandate.

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5)

The Board of Directors hereby confirm that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the unaudited Financial Statements of the Company and of the Group for the second quarter ended 30 June 2012 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Tan Cher Liang
Company Secretary

8 August 2012
Singapore