G. K. GOH HOLDINGS LIMITED

ANNUAL REPORT 2012

CONTENTS

JAMBOO AI-ERE MAWAR
(Eugenia Jambos Linn)

BOORONG TEONG: GRACILA RELIGIOSA
(Hill Mynah)

The William Farquhar Collection
of Natural History Drawings

CHAIRMAN'S STATEMENT

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Dear Fellow Shareholders

As expected, profits for 2012 were lower than in the preceding year because of the exceptional and large asset sales made in 2011, including the sale of most of our stake in Eastern & Oriental Bhd ("E&O"), shophouse properties in Singapore, and the disposal of worker dormitories and other assets by our private equity associate, Value Monetization Ltd ("VML"). These substantial asset sales also meant that group profitability would be substantially influenced by the performance of our short-term investment portfolio until the financial assets are redeployed into longer-term assets and businesses.

Because of the exceptional nature of our 2011 financials, direct year-on-year comparisons of the financial results are not very meaningful.

Our results in 2012

For 2012, the Group recorded revenues of S$37.8 million (2011: S$75.9 million) and net profits of S$19.3 million (2011: S$56.5 million). The latter is equivalent to 6.1 cents per share. Total comprehensive income amounted to S$22.2 million (2011: S$63.9 million).

Profits for 2012 came largely from two sources. First, our short-term portfolio was expanded and did well, participating in the rebound in global equity markets. Investment-related income totalled S$17.7 million for 2012. Second, VML recognised profits from the sale of the last of its worker dormitories. The Group's share of this profit amounted to S$7.4 million.

G. K. Goh Financial Services (S) Pte Ltd ("GKGFS") has been building its business capacity after launching a new trading platform in 2011. It has successfully diversified its customer base. While its transaction volumes in foreign exchange broking grew substantially, the industry saw intense price competition particularly in the second half of the year, resulting in GKGFS delivering full year operating profits of only S$0.5 million (2011: S$1.4 million). Whilst the degree of price competition has eased somewhat in the new year, it is difficult to predict the profitability of this business in 2013.

Our associates in aggregate delivered profits of S$11.7 million (2011: S$11.6 million). The 2012 figure includes the aforementioned S$7.4 million profit from VML, while the 2011 figure includes the earlier worker dormitory sale by VML (which contributed about S$7.5 million), as well as approximately S$1.1 million from E&O which ceased to be an associate in September 2011.

Boardroom Ltd (33% owned) has been actively strengthening its operating businesses, particularly after the acquisition of an Australian share registration business, now renamed Boardroom Pty Ltd. 2012 was a transitional year, with increased costs not yet matched by revenue growth, leading to a reduction in its contribution to S$2.5 million (2011: S$2.9 million). We are hopeful that the positive signs in Boardroom's most recent quarters will be sustained into the future.

Platinum Holdings Company Ltd (22% owned) is a Hong Kong based boutique investment bank. Platinum turned around in 2012, delivering a S$1.3 million contribution (2011: loss of S$0.7 million).

Investment Activity

Our balance sheet remains strong, with net current assets of S$138.7 million (2011: S$174.6 million). The S$36.8 million increase in long-term investments mostly relates to investments made in funds specialising in Asian and Singapore dollar bonds, in an effort to boost the paltry yield we have been receiving on fixed deposits. This led to a corresponding reduction in the net current assets of the Group.

We also increased exposure to equities in the course of 2012. Including some bonds, our short-term investments amounted to S$89.0 million (2011: S$51.5 million). In a rising market, we could have done with even more equity exposure, but our aim in making these investments is to deliver absolute returns while retaining a conservative balance sheet, pending investment into longer term assets and operating businesses.

Towards the end of the year, we made a commitment to invest US$15 million into VML's new fund, Value Monetization Fund III, taking into account the excellent returns and disciplined management demonstrated in the course of VML's earlier funds.

The Group has also added to its stake in E&O. Following the sale to Sime Darby Bhd of approximately 10% of E&O's shares, the Group's stake fell to 3.5%. Although our Chief Financial Officer stepped down from the board of E&O in September 2011, we have come to know E&O's assets and its management team well over the preceeding 6 years, and continue to believe that E&O's assets remain undervalued by the market.

Sime Darby is a highly reputable company with a strong balance sheet, and its 30% stake in E&O ensures that corporate governance at E&O will be held to a high standard. As the share price of E&O trades at a significant discount both to our sale price and our estimate of its true worth, we have gradually acquired more shares in the open market, raising our stake to 5.7% at the time of writing. This is presently worth approximately S$38.5 million and constitutes 10.6% of our net tangible assets. We believe that E&O's key developments in Penang and Johor will continue to deliver healthy profits over the next decade or more.

The year ahead

The Group's profitability in 2013 will depend largely on returns from its short-term investment portfolio, the final outcome of which cannot be predicted with any certainty. We expect our operating businesses and associates to remain profitable in aggregate. The Group continues to explore opportunities to invest in sound, long-term operating businesses in the Asia-Pacific region.

Dividends

The Board of Directors is proposing a first and final dividend of 4 cents per share. This will distribute to shareholders approximately S$12.6 million, which amounts to 65.6% of net profits. Last year's dividend payout comprised ordinary dividends of 4 cents per share, and a special dividend of 4 cents per share in view of the exceptional profits from asset sales.

Appreciation

My fellow Board members have been unfailing in their diligence and their dedication to the interests of shareholders, and I thank them all for their wise counsel. In particular, I wish to express my deep gratitude to Mr Tang See Chim, who has decided not to seek re-appointment to the Board after 17 years as a director of the Company. See Chim has a long and distinguished career as a lawyer and in public service. We have been very fortunate to have had a man of such distinction on our Board.

I also wish to thank our business partners and our staff for the enthusiasm they bring to their work each day, and our shareholders for their continuing patience and support.

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 23 April 2012.

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 and Federal Iron Works Sdn 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 Board of Temasek Holdings Pte Ltd. He is Chairman of Seatown Holdings Pte Ltd, the Yong Siew Toh Conservatory of Music at the National University of Singapore ("NUS"), Singapore Symphonia Company Ltd, and NUS Investment Committee. He is also 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 23 April 2012.

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.

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 23 April 2012.

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, Estate and Trust Agencies (1927) Ltd, Heatec Jietong Holdings Ltd, IPC Corporation Ltd, LMIRT Management Ltd, Transview Holdings 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 25 April 2011.

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 an independent 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 23 April 2012. 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, 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.

Akisawa Masanori

Mr Akisawa Masanori is Director of G. K. Goh Financial Services (S) Pte Ltd and he is responsible for the Japan FX Flow business. He joined the Group in July 2010 as Senior Vice President, Japan – FX Flow Business.

Prior to joining the Group, he was Director of Cyber Agent Co., Ltd in Tokyo, Japan. Cyber Agent Co., Ltd is amongst the top 10 brokerages in Japan offering FX trading facilities. There he was instrumental in developing the business for them and growing the company into one of Japan's top 10 firms.

Mr Akisawa began his career as a foreign exchange broker with Ueda Harlow Co., Ltd in Tokyo in 1987. He then joined Harlow Mayer Savage in New York and thereafter Ueda Harlow Sassoon in Singapore. Mr Akisawa has extensive experience in the FX markets in Japan, USA and Singapore.

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 with a regional private equity group for ten years, responsible for direct investments in the Asean region. He also spent eight years with Ernst and Young, Singapore and has had extensive experience in audit and corporate finance.

Mr Teo has been appointed as a non-executive director of Boardroom Limited with effect from 5 February 2013. He is also an independent director of an Australian listed company, OM Holdings Limited, serving as its Audit Committee Chairman.

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)
Nicholas George
Lee Soo Hoon

Nominating Committee

Tang See Chim (Chairman)
Nicholas George
Goh Geok Khim
Lee Soo Hoon

Secretaries

Tan Cher Liang
Tan San-Ju

Bankers

Australia and New Zealand Banking Group Limited
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

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Singapore 048623

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Fax: (65) 6533 1361

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Share Registrar

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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

Wilson Woo Siew Wah (since 2012)

GROUP STRUCTURE
AS AT 31 DECEMBER 2012

Singapore

Cacona Pte Ltd (100%)
Canistel Pte Ltd (100%)
G. K. Goh Capital (S) 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%)
Habitat Assets Pte Ltd (100%)
Salacca Pte Ltd (100%)
Saliendra Pte Ltd (100%)
Solanum Investment Pte Ltd (100%)
Perilla Pte Ltd (100%)
Boardroom Limited (33%)

British Virgin Islands

Ardisia Limited (100%)
Value Monetization Limited (31%)

Cayman Islands

Bromius Capital Limited (20%)

Hong Kong

Platinum Holdings Company Limited (22%)

Japan

GOFX Co., Ltd (100%)

Philippines

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

CORPORATE OFFICES

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3-2-60 Kagurazaka, Shinjuku-ku
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Tel & Fax: (81) 3-6265 0310

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's 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.

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 Secretaries to familiarise themselves with the Group's business and have access to Executive Directors, Management and the Company Secretaries.

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 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 2012, 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 7 to 9 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 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 attend and present the papers at 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.

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 evaluation 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 financial 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 Secretaries and Management at all times. The Company Secretaries or their representatives attend 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 Secretaries assist 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.

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 its approval.

Directors' fees are set in accordance with a remuneration framework comprising basic fees and committee 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.

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

Directors	Salary %	Bonus %	Fees %	Other Benefits %	Total %
$1,500,000 to below $1,750,000					
Goh Geok Khim	42	55	–	3	100
Goh Yew Lin	36	64	–	–	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 five key executives and their remuneration for the year is set out below:

Key Executives	Salary %	Bonus %	Fees %	Other Benefits %	Total %
$750,000 to below $1,000,000					
Akisawa Masanori	53	47	–	–	100
Thomas Teo	36	64	–	–	100
$250,000 to below $500,000					
Wong Joo Seng	91	9	–	–	100
Below $250,000					
Melvyn Song	91	9	–	–	100
Tang Chon Luang	71	29	–	–	100

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

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 the audit plans of the internal and external auditors of the Company, and review the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's Management to the internal and external auditors;
- Review the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Company before their submission to the Board;
- Review 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;
- Meet 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;
- 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 regulators;
- Review the cost effectiveness and the independence and objectivity of the external auditors;
- Review the nature and extent of non-audit services provided by the external auditors;
- Recommend to the Board the external auditors to be nominated, approve the compensation of the external auditors, and review the scope and results of the audit;
- Report actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate; and
- Review interested person transactions in accordance with the requirements of the SGX-ST Listing Manual.

The AC convened four meetings during the financial year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Management, at least once a year. The AC has full access to and co-operation of the Management team 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 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 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 ensures that arrangements are in place for independent investigations of such matters and appropriate follow up actions.

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 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 29 of the Notes to the Financial Statements.

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 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 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.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, the Board, with the concurrence of the AC, is of the opinion that the internal controls are adequate to address the operational, financial and compliance risks which the Group considers relevant and material to its operations.

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 2012. 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.

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 Secretaries 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

	Number of Meetings Attended in 2012			
Name	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 2012	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 subsidiaries (collectively, the "Group") for the financial year ended 31 December 2012 and the balance sheet and statement of changes in equity of the Company as at 31 December 2012.

Directors

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

Goh Geok Khim *Executive Chairman*
Goh Yew Lin *Managing Director*
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 and debentures

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 (other than wholly-owned subsidiaries) 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
The holding company, GKG Investment Holdings Pte Ltd		**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	–	–

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

	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
The Company, G. K. Goh Holdings Pte Ltd	**Number of ordinary shares**			
Goh Geok Khim	–	–	181,611,460	181,611,460
Goh Yew Lin	–	–	181,611,460	181,611,460
Lee Soo Hoon	20,000	20,000	–	–
Lim Keng Jin	2,612,000	2,515,000	3,200,000	3,200,000
Tang See Chim	1,800	1,800	–	–

By virtue of Section 7 of the Act, 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 subsidiaries.

None of the directors acquired additional shares in the Company between the end of the financial year and 21 January 2013.

Share options

The Company does not have any share option scheme.

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 carries out its functions in accordance with Section 201B(5) of the Act, including the following:

- Reviews the audit plans of the internal and external auditors of the Company, and reviews the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the internal and external auditors;
- Reviews the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Company before their submission to the board of directors;
- Reviews 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.

Audit committee (cont'd)

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 meetings during the financial year with full attendance from all members. The AC has also met with internal and 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.

Auditor

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

On behalf of the board of directors,

Goh Geok Khim
Executive Chairman

Goh Yew Lin
Managing Director

Singapore
11 March 2013

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 consolidated income statement, consolidated statement of comprehensive income, balance sheets, statements of changes in equity and consolidated cash flow statement together with the notes thereto, 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 2012 and the results of the business, 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
11 March 2013

INDEPENDENT AUDITOR'S 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 35 to 98, which comprise the balance sheets of the Group and the Company as at 31 December 2012, 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 information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of 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.

Auditor's 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 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.

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 2012 and of 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
11 March 2013

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Group 2012 $'000	Group 2011 $'000
CONTINUING OPERATIONS			
Revenue	3	37,776	75,928
Cost and expenses			
Commission and broking expenses		(10,611)	(10,622)
Employees' compensation and related costs	25	(10,647)	(13,176)
Office and equipment rental costs		(973)	(895)
Depreciation	8, 9	(778)	(865)
Technology and information services costs		(2,021)	(1,962)
Gain/(loss) on foreign currency exchange		424	(910)
Provision for doubtful debts		(238)	(861)
Other operating expenses	4	(3,059)	(3,047)
Total costs and expenses		(27,903)	(32,338)
Profit from operating activities		9,873	43,590
Finance costs	4	(443)	(298)
Share of profit of associates		11,694	11,600
Profit before taxation		21,124	54,892
Taxation	5	(1,858)	1,610
Profit for the year, attributable to Owners of the Company		19,266	56,502
Earnings per share from continuing operations attributable to Owners of the Company	7		
Basic and diluted:		6.09 ¢	17.81 ¢
- continuing operations		6.09 ¢	17.81 ¢

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 2012

	Group	
	2012	2011
	$'000	$'000
Profit net of tax	19,266	56,502
Other comprehensive income/(loss)		
Net gain on available-for-sale financial assets:		
- fair value gain	6,159	6,055
- transferred to consolidated income statement on disposal	(384)	(1,280)
Share of other comprehensive loss of associates	(1,313)	(629)
Foreign currency translation	(1,503)	3,228
Other comprehensive income for the year, net of tax	2,959	7,374
Total comprehensive income for the year, attributable to Owners of the Company	22,225	63,876

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

BALANCE SHEETS
AS AT 31 DECEMBER 2012

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Non-current assets					
Property, plant and equipment	8	1,550	1,571	–	–
Investment properties	9	3,727	337	–	–
Subsidiaries	10	–	–	38,501	51,544
Associates	11	42,399	42,484	5,688	5,688
Long-term investments	12	175,413	138,578	–	–
Deferred tax assets	5	875	2,354	–	–
Other assets	13	1,000	1,042	–	–
Current assets					
Amounts receivable from subsidiaries	14	–	–	248,194	110,706
Trade debtors	15	15,299	9,493	–	–
Other debtors	16	7,601	1,516	7	17
Short-term investments	17	89,062	51,471	–	–
Cash and bank balances	18	220,206	239,328	14,226	102,581
		332,168	301,808	262,427	213,304
Current liabilities					
Amounts due to associates		953	277	–	–
Trade creditors	19	172,643	106,882	–	–
Other creditors	20	6,245	9,292	520	450
Bank borrowings	21	12,659	9,491	6,980	3,248
Provision for taxation		957	1,258	628	434
		193,457	127,200	8,128	4,132
Net current assets		138,711	174,608	254,299	209,172
Non-current liabilities					
Deferred tax liabilities	5	730	545	465	245
Net assets		362,945	360,429	298,023	266,159
Equity attributable to Owners of the Company					
Share capital	22	183,112	183,112	183,112	183,112
Capital reserve		137	137	137	137
Revenue reserve		172,378	173,123	114,774	82,910
Fair value adjustment reserve		12,728	6,938	–	–
Foreign currency translation reserve		(5,410)	(2,881)	–	–
		362,945	360,429	298,023	266,159

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 2012

	Attributable to Owners of the Company					
GROUP 2012	**Share capital (Note 22) $'000**	**Revenue reserve $'000**	**Capital reserve [1] $'000**	**Fair value adjustment reserve [2] $'000**	**Foreign currency translation reserve [3] $'000**	**Total equity $'000**
Balance at 1 January 2012	183,112	173,123	137	6,938	(2,881)	360,429
Profit for the year	–	19,266	–	–	–	19,266
Other comprehensive income/(loss)						
Net gain on fair value changes of available-for-sale financial assets	–	–	–	5,775	–	5,775
Share of other comprehensive loss of associates	–	(302)	–	15	(1,026)	(1,313)
Foreign currency translation	–	–	–	–	(1,503)	(1,503)
Other comprehensive income/(loss) for the year	–	(302)	–	5,790	(2,529)	2,959
Total comprehensive income/(loss) for the year	–	18,964	–	5,790	(2,529)	22,225
Contributions by and distributions to owners						
Shares re-purchased	–	(842)	–	–	–	(842)
Unclaimed dividends	–	139	–	–	–	139
Dividend on ordinary shares (Note 6)	–	(19,006)	–	–	–	(19,006)
Total transactions with owners in their capacity as owners	–	(19,709)	–	–	–	(19,709)
Balance at 31 December 2012	183,112	172,378	137	12,728	(5,410)	362,945

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Attributable to Owners of the Company					
GROUP 2011	**Share capital (Note 22) $'000**	**Revenue reserve $'000**	**Capital reserve [1] $'000**	**Fair value adjustment reserve [2] $'000**	**Foreign currency translation reserve [3] $'000**	**Total equity $'000**
Balance at 1 January 2011	183,112	132,887	609	2,163	(6,109)	312,662
Profit for the year	–	56,502	–	–	–	56,502
Other comprehensive income/(loss)						
Net gain on fair value changes of available-for-sale financial assets	–	–	–	4,775	–	4,775
Share of other comprehensive loss of associates	–	(407)	(222)	–	–	(629)
Foreign currency translation	–	–	–	–	3,228	3,228
Other comprehensive income/(loss) for the year	–	(407)	(222)	4,775	3,228	7,374
Total comprehensive income/(loss) for the year	–	56,095	(222)	4,775	3,228	63,876
Contributions by and distributions to owners						
Disposal of equity share of associates	–	–	(250)	–	–	(250)
Dividend on ordinary shares (Note 6)	–	(15,859)	–	–	–	(15,859)
Total transactions with owners in their capacity as owners	–	(15,859)	(250)	–	–	(16,109)
Balance at 31 December 2011	183,112	173,123	137	6,938	(2,881)	360,429

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

COMPANY 2012	Share capital (Note 22) $'000	Revenue reserve $'000	Capital reserve (1) $'000	Total equity $'000
Balance at 1 January 2012	183,112	82,910	137	266,159
Profit for the year	–	51,573	–	51,573
Total comprehensive income for the year	–	51,573	–	51,573
Contributions by and distributions to owners				
Shares re-purchased	–	(842)	–	(842)
Unclaimed dividends	–	139	–	139
Dividend on ordinary shares (Note 6)	–	(19,006)	–	(19,006)
Total transactions with owners in their capacity as owners	–	(19,709)	–	(19,709)
Balance at 31 December 2012	183,112	114,774	137	298,023

COMPANY 2011	Share capital (Note 22) $'000	Revenue reserve $'000	Capital reserve (1) $'000	Total equity $'000
Balance at 1 January 2011	183,112	88,654	137	271,903
Profit for the year	–	10,115	–	10,115
Total comprehensive income for the year	–	10,115	–	10,115
Contributions by and distributions to owners				
Dividend on ordinary shares (Note 6)	–	(15,859)	–	(15,859)
Total transactions with owners in their capacity as owners	–	(15,859)	–	(15,859)
Balance at 31 December 2011	183,112	82,910	137	266,159

(1) This reserve is not available for distribution as dividends.

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

(3) This represents 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 functional 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 2012

	Note	Group 2012 $'000	Group 2011 $'000
Cash flow from operating activities			
Profit before taxation		21,124	54,892
Adjustments for:			
Depreciation of property, plant and equipment	8, 9	778	865
Gain on disposal of property, plant and equipment	3	–	(99)
Gain on disposal of investment property	3	(806)	(7,337)
Gain on disposal of subsidiary	3	(1,062)	–
Gain on disposal of associates/joint ventures	3	(5)	(53,691)
Finance costs		443	298
Interest income		(1,839)	(1,471)
Dividend income		(2,746)	(1,632)
Loss/(gain) on sale of long-term investments		6,053	(1,147)
Provision of allowance for doubtful debts	4	238	861
Fair value adjustment		(9,607)	17,902
Share of profit of associates		(11,694)	(11,600)
Operating profit/(loss) before reinvestment in working capital		877	(2,159)
Increase in debtors		(12,103)	(2,262)
(Increase)/decrease in short-term investments		(28,051)	5,202
Increase in creditors		63,233	22,297
Cash flow from operations		23,956	23,078
Interest paid		(286)	(280)
Interest received		1,813	1,394
Income tax paid		(647)	(457)
Net cash from operating activities		24,836	23,735

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Group	
		2012	2011
		$'000	$'000
Cash flow from investing activities			
Purchase of property, plant and equipment		(725)	(1,836)
Proceeds from disposal of property, plant and equipment		–	99
Purchase of investment property		(3,727)	–
Proceeds from disposal of investment property		1,114	32,466
Purchase of long-term investments		(45,080)	(55,533)
Proceeds from sale of long-term investments		8,511	10,435
Investments in associates		–	(3,319)
Proceeds from disposal of associates		–	106,850
Net dividend received from associates		10,012	7,174
Dividend income received		2,461	1,478
Net cash (used in)/from investing activities		(27,434)	97,814
Cash flow from financing activities			
Dividends paid		(19,006)	(15,859)
Unclaimed dividends		139	–
Share re-purchased		(842)	–
Proceeds from/(repayment of) bank borrowings		3,168	(10,200)
Net cash used in financing activities		(16,541)	(26,059)
Net (decrease)/increase in cash and cash equivalents		(19,139)	95,490
Effect of exchange rate changes in opening cash and cash equivalents		17	(1,117)
Cash and cash equivalents at 1 January	18	239,328	144,955
Cash and cash equivalents at 31 December		220,206	239,328

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

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 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 subsidiaries are disclosed below. 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 subsidiaries and associates at 31 December 2012 are:

	Name	Country of incorporation	Principal activities	% of equity held by the Group 2012	2011
	Subsidiaries:				
	Ample Echo Limited	British Virgin Islands	Investment holding	–	100
	Ardisia Limited	British Virgin Islands	Investment holding	100	100
	Cacona Pte Ltd	Singapore	Investment holding	100	100
	Canistel Pte Ltd	Singapore	Investment holding	100	100
	G. K. Goh Capital (S) Pte Ltd	Singapore	Dormant	100	100
	G. K. Goh Financial Services (S) Pte Ltd	Singapore	Futures and foreign exchange broking	100	100
	G. K. Goh Nominees Pte Ltd	Singapore	Nominee services	100	100
ø	G. K. Goh Securities (Philippines), Inc.	Philippines	Dormant	100	100

1. Corporate information (cont'd)

	Name	Country of incorporation	Principal activities	% of equity held by the Group 2012	% of equity held by the Group 2011
	Subsidiaries:				
	G. K. Goh Strategic Holdings Pte Ltd	Singapore	Investment holding	100	100
	GOFX Co., Ltd	Japan	Futures and foreign exchange broking	100	–
#	Habitat Assets Pte Ltd	Singapore	Investment holding	100	100
	Salacca Pte Ltd	Singapore	Investment holding	100	100
	Saliendra Pte Ltd	Singapore	Investment holding	100	100
	Solanum Investment Pte Ltd	Singapore	Investment holding	100	100
	Perilla Pte Ltd	Singapore	Investment holding	100	100
	Associates:				
#	Boardroom Limited	Singapore	Investment holding	32.91	32.91
#	Value Monetization Ltd	British Virgin Islands	Investment holding	30.77	30.77
ØØ	Platinum Holdings Company Limited	Cayman Islands	Investment holding	21.86	21.86
#	Bromius Capital Limited	Cayman Islands	Investment holding	20.00	20.00
	Joint ventures:				
	AG Fund Pty Ltd	Australia	Investment holding	–	50.00

Ø Audited by Punongbayan & Araullo.
ØØ Audited by KPMG Hong Kong.
Held by subsidiaries.

In appointing the auditing firms of the Company, subsidiaries and significant associates, the Company has complied with Listing Rules 712 and 715.

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 as disclosed in the accounting policies below.

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.

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 2012. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

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 1 *Presentation of Items of Other Comprehensive Income*	1 July 2012
Revised FRS 19 *Employee Benefits*	1 January 2013
FRS 113 Fair Value Measurements	1 January 2013
Amendments to FRS 107 *Disclosures - Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Improvements to FRSs 2012	1 January 2013
- Amendment to FRS 1 *Presentation of Financial Statements*	1 January 2013
- Amendment to FRS 16 *Property, Plant and Equipment*	1 January 2013
- Amendment to FRS 32 *Financial Instruments: Presentation*	1 January 2013
Revised FRS 27 *Separate Financial Statements*	1 January 2014
Revised FRS 28 *Investments in Associates and Joint Ventures*	1 January 2014

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

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

Description	Effective for annual periods beginning on or after
FRS 110 *Consolidated Financial Statements*	1 January 2014
FRS 111 *Joint Arrangements*	1 January 2014
FRS 112 *Disclosures of Interests in Other Entities*	1 January 2014
Amendments to FRS 32 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014

Except for the Amendments to FRS 1, FRS 110, FRS 111, Revised FRS 28 and FRS 112, 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 Amendments to FRS 1, FRS 110, FRS 111, Revised FRS 28 and FRS 112 are described below.

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income

The Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income* ("OCI") is effective for financial periods beginning on or after 1 July 2012.

The Amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

FRS 110 Consolidated Financial Statements

FRS 110 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 110 will require management to exercise significant judgment to determine which entities are controlled, and therefore are required to be consolidated by the Group, compared with the requirements that were in FRS 27. Therefore, FRS 110 may change which entities are consolidated within a group.

The Group is currently determining the impact of the new Standard.

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

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

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures

FRS 111 *Joint Arrangements* and Revised FRS 28 *Investments in Associates and Joint Ventures* are effective for financial periods beginning on or after 1 January 2014.

FRS 111 classifies joint arrangements either as joint operations or joint ventures. Joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, whereas joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

FRS 111 requires the determination of joint arrangement's classification to be based on the parties' rights and obligations under the arrangement, with the existence of a separate legal vehicle no longer being the key factor. FRS 111 disallows proportionate consolidation and requires joint ventures to be accounted for using the equity method. The revised FRS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associates.

The Group currently applies the equity method for its joint ventures.

FRS 112 Disclosures of Interests in Other Entities

FRS 112 *Disclosures of Interests in Other Entities* is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in 2014.

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

2.4 Significant accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) Judgements made in applying accounting policies

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. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its costs. Further details may be found in Note 12.

(b) Key sources of estimation uncertainty

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.

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.

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

2.4 Significant accounting estimates and judgements (cont'd)

(b) Key sources of estimation uncertainty (cont'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, and judgements as to whether certain transactions are subject to taxation. 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 2012 was $957,000 (2011: $1,258,000).

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 2012 was $875,000 (2011: $2,354,000) and the unrecognised tax losses at 31 December 2012 was $30,851,000 (2011: $24,532,000).

Further details may be found in Note 5.

Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's loans and receivables at the end of the reporting period and the impairment losses recognised are disclosed in Notes 14 and 15.

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

2.5 Subsidiaries and principles of consolidation

(a) Subsidiaries

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 subsidiaries are accounted for at cost less any impairment losses.

(b) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

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

Subsidiaries 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.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Details of the subsidiaries are given in Note 1.

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

2.6 Associates and joint ventures

The Group treats as associates 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 ventures.

The Group's investments in associates and joint ventures are accounted for using the equity method from the date the Group obtains significant influence or joint control until the date the Group ceases to have significant influence or joint control. Under the equity method, the investments are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates and joint ventures. Goodwill is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the investment's identifiable assets, liabilities, and contingent liabilities over the cost of the investment is included as income in the determination of Group's share of results of the associates and joint ventures in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associates and joint ventures. Where there has been a change recognised in other comprehensive income by the associates and joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains or losses resulting from transactions between the Group and the associates and joint ventures are eliminated to the extent of the interests in the investments.

The Group's share of the profit or loss of its associates and joint ventures is the profit attributable to equity holders of the associates and joint ventures and, therefore is the profit or loss after tax and non-controlling interests in the subsidiaries of associates and joint ventures.

When the Group's share of losses in associates and joint ventures equals or exceeds its interests in the investments, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the 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 associates and joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognises the amount in profit or loss.

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

2.6 Associates and joint ventures (cont'd)

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

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

2.7 Functional and foreign currencies

(a) Functional currency

The Group's consolidated financial statements are presented in SGD, which is also the Company's function currency. 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 currencies

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries 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 rate of exchange ruling at the end of the reporting period. 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 end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, 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 on disposal of the foreign operation.

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

2.7 Functional and foreign currencies (cont'd)

(b) Foreign currencies (cont'd)

For consolidation purposes, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the average exchange rates for the financial year. The exchange differences are recognised in 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.

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 less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets 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 values may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

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 gain or loss arising on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

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

2.9 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is computed on a straight-line basis over the lease term of the properties.

Freehold land has unlimited useful life and therefore is not depreciated.

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 gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

2.10 Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any indication exists, or when an 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written-down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

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

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

2.10 Impairment of non-financial assets (cont'd)

An assessment is made at the end of each reporting period 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 increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.11 Financial assets

Financial assets are recognised 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.

The subsequent measurement of financial assets depends on their classification as follows:

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

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets that are classified as 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. Net gains or losses on financial assets at fair value through profit or loss include exchange differences.

(b) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, such assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

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

2.11 Financial assets (cont'd)

(c) Held-to-maturity investments

Non-derivative 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, less impairment. Gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(d) 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 assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

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 at the end of the reporting period. 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.

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 gain or loss that have been recognised directly in other comprehensive income is recognised in profit or loss.

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

2.11 Financial assets (cont'd)

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 marketplace concerned.

2.12 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses 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 assets 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 values 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.

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

2.12 Impairment of financial assets (cont'd)

(a) Financial 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 values 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 other comprehensive income 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.

(c) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at 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 current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

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.

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

2.14 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.

2.15 Financial liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

The measurement of financial liabilities depends on their classification as follows:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments. Subsequent to initial recognition, financial liabilities 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 liabilities are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

(b) Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

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

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) 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 the end of each reporting period 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 provisions are reversed.

2.17 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 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 the end of the reporting period.

2.18 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 2.19 (d).

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

2.19 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payments and excluding taxes or duty.

(a) Rendering of services

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

(b) Interest income

Interest income is recognised 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.

2.20 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 that 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.

2.21 Taxation

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods 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 end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income 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.

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

2.21 Taxation (cont'd)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period 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 subsidiaries, associates and joint ventures, 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 the end of each reporting period 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 the end of each reporting period 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 in the 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 end of the reporting period.

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

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

2.22 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and Company if any of the following conditions applies:

- (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); or
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

2.23 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

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 27, 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 2012 $'000	Group 2011 $'000
Commission and broking revenue:		
Commission	541	696
Forex broking revenue	19,101	19,453
Investment income:		
Fair value adjustment for short-term investments	9,540	(10,129)
Fair value adjustment for long-term investments	67	(7,773)
Gain on sale of short-term investments	3,663	6,607
(Loss)/gain on sale of long-term investments		
- Transferred from equity on disposal of investments	384	1,280
- Recognised directly in profit or loss	(6,437)	(133)
Gross dividend income from quoted investments	2,746	1,632
Interest income		
- Bank deposits	422	331
- Others	1,417	1,140
Gain on disposal of subsidiary	1,062	–
Gain on disposal of associates/joint ventures	5	53,691
Gain on disposal of investment property	806	7,337
Other investment income*	4,010	–
Other income:		
Service income	67	30
Rental income	342	1,548
Gain on disposal of property, plant and equipment	–	99
Others	40	119
	37,776	75,928

* Share of performance fees from funds

4. Other operating expenses and finance costs

	Group	
	2012	2011
	$'000	$'000
Included in other operating expenses are		
Fees paid to Auditors of the Company:		
Audit fees	(182)	(158)
Non-audit fees	(72)	(105)
Provision of allowance for doubtful debts	(238)	(861)
Finance costs		
Interest expense:		
Bank loans and overdrafts	(404)	(263)
Others	(39)	(35)
	(443)	(298)

5. Taxation

(a) Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2012 and 2011 are:

	Group	
	2012	2011
	$'000	$'000
Income statement		
Current income tax:		
Current year	(1,176)	(766)
Over/(under)provision in respect of prior years	546	(11)
Deferred tax:		
Unrealised fair value (gain)/loss	(1,043)	2,578
Writeback of deferred tax on differences in depreciation	33	–
Provision for deferred tax on foreign interest income	(211)	(98)
Writeback/(provision) of deferred tax on foreign dividend income	3	(93)
	(1,858)	1,610
Statement of comprehensive income		
Deferred tax related to other comprehensive income:		
Net gain on fair value changes of available-for-sale financial assets	(436)	(935)

5. Taxation (cont'd)

(b) Relationship between tax expense and accounting profit

The statutory income tax rate applicable to Singapore companies is 17% (2011: 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	
	2012 $'000	2011 $'000
Profit before taxation	21,124	54,892
Statutory tax rate	(3,591)	(9,332)
Tax effect of:		
Income not subject to tax	2,962	342
Expenses not deductible for income tax purposes	(2,890)	(1,902)
Benefits from previously unrecognised tax losses	–	18
Deferred tax asset not recognised	(1,169)	(276)
Tax deducted at source	(285)	(154)
Over/(under)provision in respect of prior years	546	(11)
Qualifying income under concessionary tax rate	53	88
Capital allowance and enhanced allowance	329	516
Share of profit of associates	1,988	1,972
Gain on disposal of subsidiary	181	–
Gain on disposal of associates	1	9,127
Gain on disposal of investment property	–	1,247
Others	17	(25)
Tax (expense)/credit	(1,858)	1,610

The Group's subsidiary, G. K. Goh Financial Services (S) Pte Ltd, qualifies as a Financial Sector Incentive Company under Section 43Q of the Income Tax Act. With this status, the company's qualifying transactions are taxed at the concessionary rate of 12% (2011: 12%) instead of the statutory rate of 17% (2011: 17%).

5. Taxation (cont'd)

(b) Relationship between tax expense and accounting profit (cont'd)

The nature of income not subject to tax is as follows:

	Group	
	2012	2011
	$'000	$'000
Reversal of diminution of long-term investments	1,154	11
Exchange gain arising from revaluation of non-trade balances	674	75
Exempt foreign interest income	60	50
Exempt dividend income	348	100
Tax exempted income	717	55
Others	9	51
	2,962	342

The nature of expenses that are not deductible for income tax purposes are as follows:

	Group	
	2012	2011
	$'000	$'000
Exchange loss arising from revaluation of non-trade balances	(591)	(237)
Provision of allowance for doubtful debts	(61)	(183)
Loss on disposal of investments	(1,096)	(9)
Unrealised fair value loss on investments	(576)	(1,038)
Others	(566)	(435)
	(2,890)	(1,902)

5. Taxation (cont'd)

(c) Deferred tax

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

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Differences in depreciation	–	(33)	–	–
Foreign interest income not remitted	(419)	(198)	(403)	(183)
Foreign dividend income not remitted	(311)	(314)	(62)	(62)
	(730)	(545)	(465)	(245)
Deferred tax assets				
Unrealised fair value loss	875	2,354	–	–
Net deferred tax assets/(liabilities)	145	1,809	(465)	(245)

At the end of the reporting period, the Group has tax losses of approximately $30,851,000 (2011: $24,532,000) 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) 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).

6. Dividends

	Group and Company	
	2012	2011
	$'000	$'000
Final dividend paid: 2.0 cents (2011: 3.0 cents) per ordinary share	6,335	9,515
Special dividend paid: 4.0 cents (2011: Nil) per ordinary share	12,671	–
Interim dividend paid: Nil (2011: 2.0 cents) per ordinary share	–	6,344
	19,006	15,859

The directors propose that a final one-tier tax exempt dividend of 4.0 cents (2011: final dividend of 2.0 cents and special dividend of 4.0 cents) per ordinary share amounting to $12,643,000 (2011: $19,031,000) be paid for the financial year ended 31 December 2012, 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 owners of the Company of $19,266,000 (2011: $56,502,000), by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2012	2011
	'000	'000
Weighted average number of ordinary shares used in the computation of basic and diluted EPS	316,566	317,179

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 2011	1,204	292	1,373	707	3,576
Currency realignment	2	–	3	–	5
Additions	1,526	1	2	307	1,836
Disposals	(9)	–	(110)	(328)	(447)
At 31 December 2011 and at 1 January 2012	2,723	293	1,268	686	4,970
Currency realignment	1	–	1	–	2
Additions	697	27	1	–	725
Disposals	(13)	–	(312)	–	(325)
At 31 December 2012	3,408	320	958	686	5,372
Accumulated depreciation					
At 1 January 2011	1,092	289	1,286	663	3,330
Currency realignment	2	–	3	–	5
Charge for the year	339	1	56	106	502
Disposals	(8)	–	(102)	(328)	(438)
At 31 December 2011 and at 1 January 2012	1,425	290	1,243	441	3,399
Currency realignment	1	–	1	–	2
Charge for the year	660	4	21	61	746
Disposals	(13)	–	(312)	–	(325)
At 31 December 2012	2,073	294	953	502	3,822
Net book value					
At 31 December 2011	1,298	3	25	245	1,571
At 31 December 2012	1,335	26	5	184	1,550

9. Investment properties

Group	Freehold land $'000	Freehold property $'000	Leasehold property $'000	Total $'000
Cost				
At 1 January 2011	–	1,668	26,319	27,987
Currency realignment	–	15	–	15
Disposal	–	–	(26,319)	(26,319)
At 31 December 2011 and at 1 January 2012	–	1,683	–	1,683
Currency realignment	–	8	–	8
Additions	3,727	–	–	3,727
Disposal	–	(1,691)	–	(1,691)
At 31 December 2012	3,727	–	–	3,727
Accumulated depreciation				
At 1 January 2011	–	1,251	918	2,169
Currency realignment	–	13	–	13
Charge for the year	–	82	281	363
Disposal	–	–	(1,199)	(1,199)
At 31 December 2011 and at 1 January 2012	–	1,346	–	1,346
Currency realignment	–	7	–	7
Charge for the year	–	32	–	32
Disposal	–	(1,385)	–	(1,385)
At 31 December 2012	–	–	–	–
Net book value				
At 31 December 2011	–	337	–	337
At 31 December 2012	3,727	–	–	3,727

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

During the financial year, the Group sold its freehold investment property for a net consideration of $1,114,000. The profit from the sale transaction is $806,000.

9. Investment properties (cont'd)

	Group 2012 $'000	Group 2011 $'000
Income statement		
Rental income from investment properties:		
- Minimum lease payments	65	1,269
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	(34)	(637)

The Group's investment properties are as follows:

Description and Location	Existing use	Tenure	Fair value $'000
Four plots of land Mukim Pulai, Johor Bahru Malaysia	Vacant	Freehold	3,727

The fair value has been determined by valuations performed by management based on current market prices for similar properties.

10. Subsidiaries

	Company 2012 $'000	Company 2011 $'000
Unquoted shares, at cost	65,308	78,994
Impairment losses	(26,807)	(27,450)
	38,501	51,544

During the financial year, management performed an impairment test on its subsidiaries. The recoverable amounts of its subsidiaries were determined based on fair value less costs to sell. The impairment charge written-back in the financial year was $643,000 (2011: $6,326,000).

11. Associates

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Unquoted shares, at cost	5,949	5,949	5,688	5,688
Quoted shares, at cost	14,370	14,370	–	–
Goodwill	11,699	11,699	–	–
	32,018	32,018	5,688	5,688
Share of net post-acquisition reserves	11,432	11,064	–	–
Currency realignment	(1,051)	(598)	–	–
	42,399	42,484	5,688	5,688
Fair value of associates for which there are published price quotations	32,383	30,870	–	–

The summarised financial information of the associates as at 31 December, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group 2012 $'000	Group 2011 $'000
Assets and liabilities		
Current assets	89,216	83,787
Non-current assets	94,809	93,248
Total assets	184,025	177,035
Current liabilities	(69,791)	(65,742)
Non-current liabilities	(14,100)	(10,452)
Total liabilities	(83,891)	(76,194)
Results		
Revenue	108,344	102,030
Profit for the year	35,436	36,214

11. Associates (cont'd)

Analysis of goodwill is as follows:

	Group 2012 $'000	Group 2011 $'000
Balance at beginning of year	11,699	14,251
Disposed of during the year	–	(2,552)
Balance at end of year	11,699	11,699

12. Long-term investments

	Group 2012 $'000	Group 2011 $'000
Available-for-sale		
Quoted equity securities	68,154	49,731
Unquoted equity securities	2,354	2,453
Unquoted equity securities, at cost	17,061	11,825
Unquoted unit trust funds	87,844	64,410
Fair value through profit or loss		
Designated upon initial recognition:		
Quoted zero coupon convertible bonds	–	10,159
	175,413	138,578

For the financial year, the Group recognised the following fair value adjustments pertaining to the long-term investments:

	Group 2012 $'000	Group 2011 $'000
Impairment charged during the year	(6,718)	(7,973)
Reversal of impairment upon disposal during the year	6,785	200
	67	(7,773)

13. Other assets

	Group	
	2012	2011
	$'000	$'000
Seats on stock exchanges	–	42
Held-to-maturity investments:		
Unquoted 8% unsecured convertible loan	1,000	1,000
	1,000	1,042

Unquoted 8% unsecured convertible loan

On 12 December 2007, the Group, through a subsidiary, subscribed for unsecured convertible loan of $2 million issued by a company listed on the Singapore Exchange Securities Trading Limited. The loan was due for repayment on 21 March 2011.

As at 31 December 2012, Management is in negotiations with the issuer regarding settlement of the convertible loan. A cumulative impairment loss of $1,410,568 (2011: impairment loss of $1,410,568) had been recognised on the investments.

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 had 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 2012 and 2011, the equity component is valued at zero.

14. Amounts receivable from subsidiaries

	Company 2012 $'000	Company 2011 $'000
Short-term receivables from subsidiaries	260,316	124,447
Allowance for doubtful receivables	(12,122)	(13,741)
	248,194	110,706

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

	Company 2012 $'000	Company 2011 $'000
Repayable on demand at interest of 2.67% (2011: 2.67%) per annum	6,500	6,500
Repayable on demand at interest of 3.00% (2011: 3.00%) per annum	135,194	88,953
Repayable on demand at interest of 2.55% to 3.925% (2011: Nil) per annum	45,155	–
Repayable on demand at interest of 4.84% to 5.32% (2011: Nil) per annum	6,980	–
Repayable on demand, interest-free	66,487	28,994
	260,316	124,447

Movement in allowance for doubtful receivables

	Company 2012 $'000	Company 2011 $'000
At 1 January	(13,741)	(8,175)
Writeback/(provision) during the year	1,096	(5,535)
Currency realignment	523	(31)
At 31 December	(12,122)	(13,741)

15. Trade debtors

	Group 2012 $'000	Group 2011 $'000
Margin deposits placed with forex and clearing brokers	6,783	7,847
Amounts due from forex and clearing brokers	5,799	1,646
Amounts due from customers	2,277	2,166
Amounts due from securities brokers	2,717	–
	17,576	11,659
Allowance for doubtful debt	(2,277)	(2,166)
	15,299	9,493
Movement in allowance for doubtful debt		
At 1 January	(2,166)	(2,060)
Reversal during the year	12	110
Provision made during the year	(123)	(216)
At 31 December	(2,277)	(2,166)

Margin deposits placed with forex and clearing brokers

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

Amounts due from forex and clearing brokers

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

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 2012 $'000	Group 2011 $'000
Japanese yen	5,865	2,439
Malaysian ringgit	219	116
United States dollar	3,204	4,478
Others	1,454	747

16. Other debtors

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Interest receivable	26	36	3	13
Sundry deposits	506	474	–	–
Prepayments	343	248	4	4
Receivable from tenants	1	6	–	–
Loan to investee company	1,776	–	–	–
Advance funding to investee companies	4,834	649	–	–
Futures currency contract	72	–	–	–
Others	43	103	–	–
	7,601	1,516	7	17

17. Short-term investments

	Group 2012 $'000	Group 2011 $'000
Fair value through profit or loss		
Held-for-trading:		
Quoted equity securities	80,682	41,208
Quoted bonds	8,380	10,263
	89,062	51,471

18. Cash and bank balances

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Fixed deposits	39,683	132,308	13,220	101,615
Other cash and bank balances	180,523	107,020	1,006	966
	220,206	239,328	14,226	102,581

Cash and bank balances of the Group include fixed deposits of $24,294,000 (2011: $17,808,000) and other cash and bank balances of $116,588,000 (2011: $55,546,000) of a subsidiary 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.

18. Cash and bank balances (cont'd)

Fixed deposits are placed for varying periods from 1 day to 3 months (2011: 1 day to 3 months) and have an effective interest rate of 0.53% to 0.81% (2011: 0.32% to 0.62%).

Cash and bank balances denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Japanese yen	124,904	74,524	–	–
Malaysian ringgit	647	740	2	2
United States dollar	24,373	5,265	63	78
Others	11,377	7,310	378	401

19. Trade creditors

	Group	
	2012	2011
	$'000	$'000
Amounts segregated for customers	168,462	98,992
Amounts due to forex and clearing brokers	2,729	4,337
Amounts due to securities brokers	1,472	1,277
GST (receivable)/payable	(20)	2,276
	172,643	106,882

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.

19. Trade creditors (cont'd)

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

	Group	
	2012	2011
	$'000	$'000
Japanese yen	134,825	75,872
Malaysian ringgit	8	44
United States dollars	21,747	9,038
Others	5,047	4,505

20. Other creditors

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Accruals	4,066	6,480	364	352
Unclaimed dividends [1]	1,161	1,169	–	–
Interest payable	157	18	155	10
Accounts payable - vendors	402	1,267	1	88
Security deposits from tenants	36	86	–	–
Futures currency contract	–	172	–	–
Others	423	100	–	–
	6,245	9,292	520	450

(1) Unclaimed dividends relate to dividends received for shares registered in the name of a subsidiary as nominees of its customers and not claimed by the customers as at the end of the reporting period.

21. Bank borrowings

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Australian dollar loan	6,980	–	6,980	–
Japanese yen loan	5,679	–	–	–
United States dollar loan	–	9,491	–	3,248
	12,659	9,491	6,980	3,248

The Australian dollar loan bears interest of 4.84% (2011: Nil) and is repayable within 6 months.

The Japanese yen loan bears interest of 1.70% (2011: Nil) and is repayable within 3 months.

22. Share capital

	Group and Company	
	2012	2011
	$'000	$'000
Issued and fully paid ordinary share capital		
At beginning of year:		
317,178,805 (2011: 317,178,805) ordinary shares	183,112	183,112
Cancellation during the year:		
1,108,000 (2011: Nil) ordinary shares	–	–
At end of year:		
316,070,805 (2011: 317,178,805) 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.

During the year, the Company acquired 1,108,000 shares in the Company through purchases on the Singapore Exchange. The total amount paid to acquire the shares was $842,000 and this was presented as a component within the shareholders' equity. Shares acquired were cancelled and the Company does not hold any treasury shares.

23. Commitments

(a) Operating leases - as lessee

The Group has entered into commercial leases on its office premises and office equipment that expire at various dates until the year 2016. Rental expense for the Group was $973,000 (2011: $895,000). Future minimum rental payable under non-cancellable leases at the end of the financial year are as follows:

	Group	
	2012 $'000	2011 $'000
Due within one year	1,260	1,106
Due within two to five years	2,596	92
	3,856	1,198

As at 31 December 2012, the Group has a lease agreement with S. L. Development Pte Ltd dated 18 October 2012 for the lease of office premises.

(b) Operating leases - as lessor

The Group has entered into commercial property leases on its office premises. Future minimum rental receivable under non-cancellable operating leases at the end of the financial year are as follows:

	Group	
	2012 $'000	2011 $'000
Due within one year	270	277
Due within two to five years	577	54
	847	331

(c) Other commitments

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

	Group	
	2012 $'000	2011 $'000
Associates	16,600	104
Investments	30,066	10,502
	46,666	10,606

24. Contingent liabilities

The Company has provided a corporate guarantee to a bank for a US$5 million banker's guarantee granted to a subsidiary.

25. 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 are as follows:

	Group	
	2012	2011
	$'000	$'000
Employees' benefits expense (including directors)		
Salaries and bonuses	(9,820)	(12,379)
CPF contributions	(385)	(369)
Other short-term benefits	(442)	(428)
	(10,647)	(13,176)

26. Related party disclosures

(a) Sale and purchase of services

The following transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Associates				
Interest income	353	291	–	–
Rental income	56	61	–	–
Professional fees	81	99	69	87
Subsidiaries				
Interest income	–	–	8,437	8,447
Fellow subsidiaries				
Rental income	33	33	–	–
Service income	48	–	–	–

26. Related party disclosures (cont'd)

(b) Compensation of key management personnel

	Group 2012 $'000	Group 2011 $'000
Short-term employee benefits	6,168	8,641
CPF contributions	58	53
Total compensation	6,226	8,694
Comprise amounts paid to:		
Directors of the Company	3,658	5,889
Other directors of its subsidiaries	2,568	2,805
	6,226	8,694

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

Several key management personnel of the Group maintained trading accounts with G. K. Goh Financial Services (S) Pte Ltd. The aggregate total of the balances in their accounts as at 31 December 2012 was $1,269,000 (2011: $1,208,000).

27. 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.

27. Segmental results (cont'd)

2012	Investment holding $'000	Futures and foreign exchange broking $'000	Elimination $'000	Total $'000
Revenue				
External revenue	17,945	19,831	–	37,776
Inter-segment revenue	174	40	(214)	–
Total revenue	18,119	19,871	(214)	37,776
Results				
Interest income	1,681	332	(174)	1,839
Finance costs	412	205	(174)	443
Depreciation	109	669	–	778
Fair value adjustments	9,607	–	–	9,607
Gain on disposal of investment property	806	–	–	806
Gain on disposal of associates/joint ventures	5	–	–	5
Share of profit of associates	11,694	–	–	11,694
Segment profit	20,807	317	–	21,124
Assets				
Investments in associates and joint ventures	42,399	–	–	42,399
Additions to non-current assets	3,749	703	–	4,452
Segment assets	364,903	198,039	(6,685)	556,257
Unallocated assets				875
Total assets				557,132
Liabilities				
Segment liabilities	18,827	180,358	(6,685)	192,500
Unallocated liabilities				1,687
Total liabilities				194,187

27. Segmental results (cont'd)

2011	Investment holding $'000	Futures and foreign exchange broking $'000	Elimination $'000	Total $'000
Revenue				
External revenue	55,433	20,495	–	75,928
Inter-segment revenue	175	20	(195)	–
Total revenue	55,608	20,515	(195)	75,928
Results				
Interest income	1,313	333	(175)	1,471
Finance costs	266	207	(175)	298
Depreciation	520	345	–	865
Fair value adjustments	(17,902)	–	–	(17,902)
Gain on disposal of property, plant and equipment	99	–	–	99
Gain on disposal of investment property	7,337	–	–	7,337
Gain on disposal of associates/ joint ventures	53,691	–	–	53,691
Share of profit of associates	11,600	–	–	11,600
Segment profit	53,358	1,534	–	54,892
Assets				
Investments in associates and joint ventures	42,484	–	–	42,484
Additions to non-current assets	312	1,524	–	1,836
Segment assets	363,572	128,873	(6,625)	485,820
Unallocated assets				2,354
Total assets				488,174
Liabilities				
Segment liabilities	20,960	111,607	(6,625)	125,942
Unallocated liabilities				1,803
Total liabilities				127,745

27. Segmental results (cont'd)

Geographical information

The Group's non-current assets, comprising of property, plant and equipment and investment properties, are located in the following countries:

	Group	
	2012	2011
	$'000	$'000
Singapore	1,550	1,571
Malaysia	3,727	–
Philippines	–	337
Total	5,277	1,908

The Group's revenues are derived mainly from Singapore. Revenues from foreign countries are not significant.

28. 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	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Available-for-sale investments				
Quoted equity securities	68,154	49,731	–	–
Unquoted equity securities	2,354	2,453	–	–
Unquoted equity securities, at cost	17,061	11,825	–	–
Unquoted unit trust funds	87,844	64,410	–	–
	175,413	128,419	–	–
Held-to-maturity investments				
Unquoted 8.0% unsecured convertible loan	1,000	1,000	–	–
	1,000	1,000	–	–

28. Financial instruments (cont'd)

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Loans and receivables				
Amounts receivable from subsidiaries	–	–	248,194	110,706
Trade debtors	15,299	9,493	–	–
Other debtors	6,680	794	3	13
Cash and bank balances	220,206	239,328	14,226	102,581
	242,185	249,615	262,423	213,300
Fair value through profit or loss				
Designated upon initial recognition:				
Quoted zero coupon convertible bonds	–	10,159	–	–
Futures currency contract	72	–	–	–
Held-for-trading:				
Quoted equity securities	80,682	41,208	–	–
Quoted bonds	8,380	10,263	–	–
	89,134	61,630	–	–
Financial liabilities (at fair value through profit or loss)				
Futures currency contract	–	172	–	–
Financial liabilities (at amortised cost)				
Amounts due to associates	953	277	–	–
Trade creditors	172,643	106,882	–	–
Other creditors	6,245	9,120	520	450
Bank borrowings	12,659	9,491	6,980	3,248
	192,500	125,770	7,500	3,698

28. Financial instruments (cont'd)

(a) Financial instruments carried at fair value

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.

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

Group 2012	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Financial assets				
Available-for-sale:				
Quoted equity securities	68,154	–	–	68,154
Unquoted equity securities	–	–	2,354	2,354
Unquoted unit trust funds	–	87,844	–	87,844
Fair value through profit or loss:				
Quoted equity securities	80,682	–	–	80,682
Quoted bonds	8,380	–	–	8,380
Futures currency contract	72	–	–	72
	157,288	87,844	2,354	247,486

28. Financial instruments (cont'd)

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

Group 2011	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Financial assets				
Available-for-sale:				
Quoted equity securities	49,731	–	–	49,731
Unquoted equity securities	–	–	2,453	2,453
Unquoted unit trust funds	–	64,410	–	64,410
Fair value through profit or loss:				
Quoted zero coupon convertible bonds	10,159	–	–	10,159
Quoted equity securities	41,208	–	–	41,208
Quoted bonds	10,263	–	–	10,263
	111,361	64,410	2,453	178,224
Financial liabilities				
Futures currency contract	172	–	–	172

Fair value hierarchy

The Group classifies fair value measurement using 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 (unobservable inputs).

There has been no transfer between the 3 levels of fair value measurements during the financial years ended 2012 and 2011.

28. Financial instruments (cont'd)

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

Methods and assumptions used to determine fair value

The methods and assumptions used by management to determine fair values of financial instruments are as follows:

Financial assets and liabilities	*Methods and assumptions*
Quoted equity securities and bonds	Fair value has been determined by direct reference to bid price quotations in an active market at the end of the reporting period.
Unquoted equity securities	Fair value has been determined by reference to the value of the underlying assests at the end of the reporting period.
Unquoted unit trust funds	Fair value has been determined by reference to broker quotes at the end of the reporting period.
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.
Foreign currency contracts	Fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

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	
	2012	**2011**
	$'000	**$'000**
At 1 January	2,453	2,259
Total gains or losses:		
- in other comprehensive income	(99)	215
- in profit or loss	–	(21)
At 31 December	2,354	2,453

28. Financial instruments (cont'd)

(b) Financial instruments whose carrying amounts approximate fair value

Management has determined that the carrying amounts of cash and bank balances, trade and other debtors, trade and other creditors, 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 values and fair values of the held-to-maturity investments is not significant.

(c) Financial instruments carried at cost

Fair value information has not been disclosed for the Group's investments in equity securities that are carried at cost because fair value cannot be measured reliably. These equity securities represent ordinary shares in companies that are not quoted on any market and do not have any comparable industry peer that is listed. The Group does not intend to dispose of these investments in the foreseeable future.

(d) Derivative financial instruments

Derivative financial instruments included in the balance sheets as at 31 December are as follows:

Group	2012 Notional Amount $'000	 Assets $'000	 Liabilities $'000	2011 Notional Amount $'000	 Assets $'000	 Liabilities $'000
Futures currency contract	6,382	72	–	6,408	–	(172)

29. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key risks include 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 bonds, as well as the unquoted unit trust funds it holds. The prices of quoted equity securities and bonds 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.

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

(a) Price risk (cont'd)

Sensitivity analysis for price risk

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% (2011: 5%) with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index :

	Group			
	Impact on profit/ (loss) for the year		Impact on equity	
Indexes	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Straits Times Index	1,125	584	1,248	1,326
Kuala Lumpur Composite Index	416	609	2,724	2,865
S&P 500 Index	463	663	–	–

Profit for the financial year would increase/decrease as a result of gains on quoted equity securities and 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.

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.

(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.

Sensitivity analysis for interest rate risk

As at 31 December 2012, if market interest rates at that date had been 25 basis points (2011: 25 basis points) higher/lower with all other variables held constant, profit for the financial year would have been $333,000 lower/higher (2011: $85,000 higher/lower).

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

(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. Futures 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, 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.

The Group has foreign currency exposures mainly in 3 currencies: United States dollar ("USD"), Malaysian ringgit ("MYR") and Japanese yen ("JPY").

Sensitivity analysis for foreign currency risk

At 31 December 2012, if the SGD had weakened/strengthened 5% against the USD with all other variables held constant, profit for the financial year would have been $927,000 (2011: $384,000) higher/lower, and fair value reserve would have been $2,083,000 (2011: $1,707,000) 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 $714,000 (2011: $369,000) higher/lower, and fair value reserve would have been $1,550,000 (2011: $1,076,000) 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 $9,000 lower/higher (2011: $174,000 higher/lower). There would be no impact to fair value reserve for 2012 and 2011.

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

(d) Liquidity risk

The Group manages liquidity risk arising from financial liabilities by maintaining an adequate level of cash and bank balances, 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 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.

Analysis of financial liabilities by remaining contractual maturities

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

Group	On demand $'000	Less than 3 months $'000	3 to 12 months $'000	More than 12 months $'000	Total $'000
2012					
Amounts due to associates	953	–	–	–	953
Trade creditors	168,462	4,181	–	–	172,643
Other creditors	2,952	1,163	2,130	–	6,245
Bank borrowings	–	12,852	–	–	12,852
Operating lease commitments	–	315	945	2,596	3,856
Other commitments	46,666	–	–	–	46,666
2011					
Amounts due to associates	277	–	–	–	277
Trade creditors	99,019	7,863	–	–	106,882
Other creditors	3,367	1,622	4,303	–	9,292
Bank borrowings	–	6,252	3,289	–	9,541
Operating lease commitments	–	277	829	92	1,198
Other commitments	10,606	–	–	–	10,606

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

(e) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amounts of each class of financial assets recognised in the balance sheets. The financial assets are not secured by any collateral or credit enhancements.

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 subsidiaries 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.

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 subsidiaries), and Note 15 (Trade debtors).

30. 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 shareholders' 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 2012 and 2011.

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 2012 and 2011, the gearing ratio is therefore not meaningful.

30. Capital management (cont'd)

Net cash includes cash and bank balances, less amounts due to associates, trade and other creditors, and bank borrowings. Total capital includes equity attributable to owners of the Company, less capital reserve.

	Group	
	2012	2011
	$'000	$'000
Cash and bank balances	220,206	239,328
Less: Amounts due to associates	(953)	(277)
Trade creditors	(172,643)	(106,882)
Other creditors	(6,245)	(9,292)
Bank borrowings	(12,659)	(9,491)
Net cash	27,706	113,386
Equity attributable to Owners of the Company	362,945	360,429
Less: Capital reserve	(137)	(137)
Total capital	362,808	360,292
Capital and net debt	362,808	360,292
Gearing ratios	nm	nm

31. Authorisation of consolidated financial statements

The consolidated financial statements of the Group for the financial year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 11 March 2013.

STATISTICS OF SHAREHOLDINGS
AS AT 18 FEBRUARY 2013

Class of equity securities	:	Ordinary share
No. of equity securities	:	316,070,805
Voting rights	:	One vote per share

As at 18 February 2013, the Company did not hold any treasury shares.

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 - 999	260	2.89	123,540	0.04
1,000 - 10,000	7,524	83.45	27,936,695	8.84
10,001 - 1,000,000	1,221	13.54	41,357,485	13.08
1,000,001 and above	11	0.12	246,653,085	78.04
Total	9,016	100.00	316,070,805	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	GKG Investment Holdings Pte Ltd	181,611,460	57.46
2	Tay Kwang Thiam	18,500,000	5.85
3	United Overseas Bank Nominees Pte Ltd	12,639,900	4.00
4	DBS Nominees Pte Ltd	11,865,225	3.75
5	OCBC Nominees Singapore Private Limited	5,465,500	1.73
6	Citibank Nominees Singapore Pte Ltd	4,091,000	1.29
7	Raffles Nominees (Pte) Ltd	3,378,000	1.07
8	Estate of Mrs Lim Kam Foong@Tai Kam Foong @Tai Kim Fong, Deceased	3,200,000	1.01
9	Lim Keng Jin	2,515,000	0.80
10	Morph Investments Ltd	1,785,000	0.56
11	See Beng Lian Janice	1,602,000	0.51
12	HSBC (Singapore) Nominees Pte Ltd	559,500	0.18
13	Lim Wei Shen	525,000	0.17
14	Phillip Securities Pte Ltd	504,800	0.16
15	Tan Yong Chiang or Tan Hui Liang	464,000	0.15
16	CIMB Securities (Singapore) Pte Ltd	458,500	0.15
17	Choo Ah Seng	432,000	0.14
18	Tang Chon Luang	427,500	0.14
19	Tan Eng Seng	392,000	0.12
20	Victor Cheah Chee Wai	309,000	0.10
Total		250,725,385	79.34

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 18 FEBRUARY 2013

(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	181,611,460	57.46	–	–
Goh Geok Khim	–	–	181,611,460	57.46
Goh Yew Lin	–	–	181,611,460	57.46
Tay Kwang Thiam	18,500,000	5.85	–	–

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 18 February 2013, 34.9% 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-fourth 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, 22 April 2013 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 2012 together with the Auditor's Report thereon. **(Resolution 1)**

2. To declare a first and final dividend of 4.0 Singapore cents per share (one-tier tax exempt) for the year ended 31 December 2012 (2011: Final one-tier tax exempt dividend of 2.0 Singapore cents per share and a special one-tier tax exempt dividend of 4.0 Singapore cents per share). **(Resolution 2)**

3. To re-elect Mr Nicholas George, a Director of the Company retiring pursuant to Article 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. (i) 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 Lee Soo Hoon **(Resolution 5)**
   Mr Lim Keng Jin **(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 Lee Soo Hoon will, upon re-appointment as Director of the Company, remain as the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees and will be considered independent.

   (ii) To note that Mr Tang See Chim will be retiring pursuant to Section 153(6) of the Companies Act, Cap. 50 and he will not be seeking re-appointment at this Annual General Meeting.

5. To approve the payment of Directors' fees of S$242,000 for the year ended 31 December 2012 (2011: S$242,000). **(Resolution 7)**

6. To re-appoint Ernst & Young LLP as the Auditor 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.

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);

(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
15 March 2013

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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