



G. K. GOH HOLDINGS LIMITED

Financial Statements

And Related Announcement

For Third Quarter Ended 30 September 2015

(Co. Reg. No. 199000184D)

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REVIEW OF PERFORMANCE OF THE GROUP

Results for the 3rd Quarter

For the quarter to September 2015, net profits attributable to shareholders amounted to S\$4.8 million (3Q14: loss of S\$0.6 million), equivalent to 1.46 cents per share (3Q14: loss of 0.19 cents).

However, Total Comprehensive Income came in at a loss of S\$7.1 million (3Q14: gain of S\$2.8 million) because of two factors: a decline in the market price of our investment in Eastern & Oriental Bhd (“E&O”), and the relative weakness of the Australian dollar and the Malaysian Ringgit against the Singapore dollar.

Opal Aged Care (“Opal”), which is accounted for as an associate, contributed S\$4.4 million (3Q14: S\$2.8 million). Two factors underlie this variance: a 10% decline in the A\$/S\$ rate; and non-recurring expenses which had depressed 3Q14’s profit contribution by S\$1 million. Opal’s revenues and profits are tracking well against budget, with continued productivity savings arising from economies of scale. The 3Q average occupancy at its residential aged care facilities in Australia has firmed to 94.6% even as it has added capacity by more than 10% to almost 6,000 available bed places at the end of September.

Boardroom’s net profit contribution declined by around 10% to S\$1.7 million as staff costs and competition continued to erode profit margins, while the Australian currency also affected returns for a significant part of its business. For more details on Boardroom’s performance, please refer to its 3rd quarter earnings report on www.boardroomlimited.com.

G. K. Goh Financial Services (S) Pte Ltd (“GKGFS”), our foreign exchange brokerage, delivered net profits of S\$0.5 million (3Q14: loss of S\$0.5 million), its second consecutive profitable quarter after a period of restructuring, despite the provision of S\$0.6 million for a client default.

Investment income amounted to S\$4.8 million (3Q14: loss of S\$0.2 million). Whilst our short-term investments reflected the weakness of Asian markets during the period, we booked S\$5.9 million in gains from the realisation of some long-term private equities and funds investments.

Results for 9 Months

For the 9 months to September, attributable net profits amounted to S\$8.1 million (9M14: S\$3.8 million), equivalent to earnings per share of 2.51 cents (9M14: 1.20 cents).

Total Comprehensive Income was a loss of S\$15.6 million (9M14: gain of S\$29.7 million). The latter figure was substantially affected by a S\$15.0 million decline in the fair value of long-term investments (primarily E&O), and exacerbated by a net currency impact of S\$9.6 million.

Opal contributed S\$9.6 million to associate profits (9M14: S\$12.7 million). The year-ago numbers include once-off gains for deferred tax as well as non-recurring expenses which, if excluded, would imply a 10% gain in Opal’s underlying profitability.

Boardroom’s revenues for 9 months were up 2.1% year-on-year (6.2% on a constant currency basis), while net profits declined by about 10% to S\$5.1 million (9M14: S\$5.7 million) with margins pressured by rising costs as well as price competition.

GKGFS reported 45% revenue increase to \$8.8 million for the 9 months, with net profits of S\$0.2 million (9M14: loss of S\$2.4 million). Profits would have been more significant if not for approximately S\$1.3 million of bad debt provisions.

Investment income totalled \$10.6 million (9M14: S\$1.8 million), substantially from the realisation of gains in long-term investments.

REVIEW OF PERFORMANCE OF THE GROUP (CONT'D)

Net assets declined by about 5% to S\$369.2 million, mainly as a result of the loss at Total Comprehensive Income level and the S\$3.8 million cash portion of our annual dividend. Net asset value per share was S\$1.13 (Dec14: S\$1.23), reflecting the decline in net assets and the increase of 10.6 million shares as a consequence of the scrip dividend scheme.

The Group's net borrowings totalled S\$150.5 million at the end of September, and its gearing level remains relatively conservative at 29%.

VARIANCE BETWEEN PREVIOUS PROSPECT STATEMENT AND ACTUAL RESULTS

None

COMMENTARY ON PROSPECTS

Opal is growing its capacity steadily in Australia's residential aged care market and we expect continued improvement in its contributions in the coming year. Boardroom continues to face keen competition but it will stay the course in strengthening its business platforms and enhancing the range and depth of its client base. With a significant portion of our earnings coming from Australia, our results will be impacted by currency volatility. GKGFS has built a more robust business base, but the level of its returns will depend on trading activity in forex markets. Investment income will be affected by fluctuations in equity markets.

Overall, the Group's portfolio of businesses and investments is expected to delivery satisfactory returns over the long-term.

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STATEMENT OF COMPREHENSIVE INCOME

(Amounts in Singapore dollars)

(These figures have not been audited)

	Note	Group			Group		
		3 months ended		+ / (-) %	9 months ended		+ / (-) %
		30 Sep 2015	30 Sep 2014		30 Sep 2015	30 Sep 2014	
		\$'000	\$'000		\$'000	\$'000	
Revenue							
Corporate services revenue		16,878	17,109	(1)	50,256	40,381	24
Financial services revenue		3,514	2,229	58	8,775	6,057	45
Investment income / (loss)		4,820	(247)	NM	10,578	1,814	483
Other income		846	786	8	2,637	1,270	108
Total revenue		26,058	19,877	31	72,246	49,522	46
Cost and expenses							
Commission and broking expenses		(753)	(750)	0	(2,545)	(2,619)	(3)
Employees' compensation and related costs		(13,988)	(12,735)	10	(41,030)	(30,348)	35
Office and equipment rental costs		(1,515)	(1,492)	2	(4,483)	(3,652)	23
Depreciation and amortisation		(1,691)	(1,409)	20	(5,123)	(3,572)	43
Technology and information services costs		(852)	(897)	(5)	(2,386)	(2,562)	(7)
(Loss) / gain on foreign currency exchange		(702)	619	NM	(663)	(28)	2,268
Provision for doubtful debts		(995)	(436)	128	(2,014)	(776)	160
Other operating expenses		(2,948)	(3,264)	(10)	(8,927)	(6,655)	34
Total cost and expenses		(23,444)	(20,364)	15	(67,171)	(50,212)	34
Profit / (loss) from operating activities		2,614	(487)	NM	5,075	(690)	NM
Finance costs		(1,557)	(1,718)	(9)	(4,742)	(4,648)	2
Share of profit of associates		4,295	2,592	66	9,709	11,521	(16)
Profit before taxation	B	5,352	387	1,283	10,042	6,183	62
Taxation	C	(413)	(573)	(28)	(1,382)	(1,300)	6
Profit / (loss) for the period		4,939	(186)	NM	8,660	4,883	77
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss							
Net (loss) / gain on fair value changes of available-for-sale financial assets		(7,788)	9,306	NM	(15,011)	24,290	NM
Share of other comprehensive (loss) / income of associates		(919)	-	NM	(556)	3,128	NM
Net gain on hedge on net investment		3,097	4,776	NM	7,193	1,063	577
Foreign currency translation		(6,786)	(11,011)	(38)	(16,747)	(2,737)	512
Other comprehensive (loss) / income for the period, net of tax		(12,396)	3,071	NM	(25,121)	25,744	NM
Total comprehensive (loss) / income for the period		(7,457)	2,885	NM	(16,461)	30,627	NM
Profit / (loss) attributable to:							
Owners of the Company		4,771	(610)	NM	8,058	3,780	113
Non-controlling interests		168	424	(60)	602	1,103	(45)
		4,939	(186)	NM	8,660	4,883	77
Total comprehensive (loss) / income attributable to:							
Owners of the Company		(7,061)	2,834	NM	(15,606)	29,651	NM
Non-controlling interests		(396)	51	NM	(855)	976	NM
		(7,457)	2,885	NM	(16,461)	30,627	NM
NM : Not meaningful							
Earnings per share							
- Basic and diluted		E		1.46 cents	(0.19) cents	2.51 cents	1.20 cents

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BALANCE SHEETS

(Amounts in Singapore dollars)

(These figures have not been audited)

	Note	Group		Company	
		30 Sep 2015 \$'000	31 Dec 2014 \$'000	30 Sep 2015 \$'000	31 Dec 2014 \$'000
Non-current assets					
Property, plant and equipment		17,364	17,620	-	-
Investment properties		3,727	3,727	-	-
Intangible assets		112,554	104,276	-	-
Subsidiaries		-	-	49,209	45,843
Associates		163,506	178,936	-	5,688
Long-term investments		211,138	223,888	5,702	-
Other long-term assets		13,187	-	-	-
Deferred tax asset		4,928	1,262	-	-
Current assets					
Amounts receivable from subsidiaries		-	-	302,971	291,980
Trade debtors		31,073	25,670	-	-
Other debtors		7,588	7,509	46	15
Short-term investments		29,664	33,515	-	-
Cash and bank balances		121,169	106,419	1,340	1,470
		189,494	173,113	304,357	293,465
Current liabilities					
Amounts due to associates		3,790	4,114	-	-
Trade creditors		86,800	79,439	-	-
Other creditors		29,561	13,048	395	415
Bank borrowings	D	60,153	57,764	38,644	33,772
Provision for taxation		1,171	1,021	465	(203)
		181,475	155,386	39,504	33,984
Net current assets		8,019	17,727	264,853	259,481
Non-current liabilities					
Bank borrowings	D	120,945	130,796	-	-
Provision for employee benefits		451	273	-	-
Deferred tax liability		16,523	11,586	1,141	948
Net assets		396,504	404,781	318,623	310,064
Equity					
Share capital		191,987	183,112	191,987	183,112
Revenue reserve		171,753	176,337	126,499	126,815
Premium on acquisition of non-controlling interests		(7,404)	(7,355)	-	-
Capital reserve		231	171	137	137
Cash flow hedge reserve		(556)	-	-	-
Fair value adjustment reserve		33,865	48,876	-	-
Foreign currency translation reserve		(20,634)	(12,477)	-	-
		369,242	388,664	318,623	310,064
Non-controlling interests		27,262	16,117	-	-
Total equity		396,504	404,781	318,623	310,064

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STATEMENTS OF CHANGES IN EQUITY

(Amounts in Singapore dollars)

(These figures have not been audited)

Group	Attributable to Owners of the Company									Total Equity
	Share Capital	Revenue Reserve	Premium on Acquisition of Non-controlling Interests	Capital Reserve	Cash Flow Hedge Reserve	Fair Value Adjustment Reserve	Foreign Currency Translation Reserve	Equity Attributable to Owners of the Company	Non-controlling Interests	
2015	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2015	191,987	166,982	(7,399)	207	655	41,361	(17,485)	376,308	27,676	403,984
Profit for the period	-	4,771	-	-	-	-	-	4,771	168	4,939
Other comprehensive income										
Net loss on fair value changes of available-for-sale financial assets	-	-	-	-	-	(7,788)	-	(7,788)	-	(7,788)
Share of other comprehensive (loss) / income of associates	-	-	-	-	(1,211)	292	-	(919)	-	(919)
Net gain on hedge on net investment	-	-	-	-	-	-	3,097	3,097	-	3,097
Foreign currency translation	-	-	-	24	-	-	(6,246)	(6,222)	(564)	(6,786)
Other comprehensive income / (loss) for the period	-	-	-	24	(1,211)	(7,496)	(3,149)	(11,832)	(564)	(12,396)
Total comprehensive income / (loss) for the period	-	4,771	-	24	(1,211)	(7,496)	(3,149)	(7,061)	(396)	(7,457)
Changes in ownership interests in subsidiaries										
Acquisition of non-controlling interests without a change in control	-	-	(5)	-	-	-	-	(5)	(18)	(23)
Total transactions with Owners in their capacity as Owners	-	-	(5)	-	-	-	-	(5)	(18)	(23)
Closing balance at 30 September 2015	191,987	171,753	(7,404)	231	(556)	33,865	(20,634)	369,242	27,262	396,504

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STATEMENTS OF CHANGES IN EQUITY (Continued)

Group 2014	Attributable to Owners of the Company								Total Equity \$'000
	Share Capital \$'000	Revenue Reserve \$'000	Premium on Acquisition of Non-controlling Interests \$'000	Capital Reserve \$'000	Fair Value Adjustment Reserve \$'000	Foreign Currency Translation Reserve \$'000	Equity Attributable to Owners of the Company \$'000	Non- controlling Interests \$'000	
Balance at 1 July 2014	183,112	172,549	(7,265)	108	36,457	(4,230)	380,731	16,135	396,866
Profit for the period	-	(610)	-	-	-	-	(610)	424	(186)
Other comprehensive income									
Net gain on fair value changes of available-for-sale financial assets	-	-	-	-	9,306	-	9,306	-	9,306
Net loss on hedge on net investment	-	-	-	-	-	4,776	4,776	-	4,776
Foreign currency translation	-	-	-	42	-	(10,680)	(10,638)	(373)	(11,011)
Other comprehensive income for the period	-	-	-	42	9,306	(5,904)	3,444	(373)	3,071
Total comprehensive income for the period	-	(610)	-	42	9,306	(5,904)	2,834	51	2,885
Closing balance at 30 September 2014	183,112	171,939	(7,265)	150	45,763	(10,134)	383,565	16,186	399,751

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STATEMENTS OF CHANGES IN EQUITY (Continued)

Company 2015	Share Capital \$'000	Revenue Reserve \$'000	Capital Reserve \$'000	Total Equity \$'000
Balance at 1 July 2015	191,987	121,111	137	313,235
Profit for the period	-	5,388	-	5,388
Total comprehensive income for the period	-	5,388	-	5,388
Balance at 30 September 2015	191,987	126,499	137	318,623

Company 2014	Share Capital \$'000	Revenue Reserve \$'000	Capital Reserve \$'000	Total Equity \$'000
Balance at 1 July 2014	183,112	114,251	137	297,500
Profit for the period	-	2,579	-	2,579
Total comprehensive income for the period	-	2,579	-	2,579
Balance at 30 September 2014	183,112	116,830	137	300,079

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CONSOLIDATED CASH FLOW STATEMENT

(Amounts in Singapore dollars)

(These figures have not been audited)

	Group	
	3 months ended	
	30 Sep 2015	30 Sep 2014
	\$'000	\$'000
Cash flows from operating activities		
Profit before taxation	5,352	387
Adjustments for :-		
Depreciation and amortisation	1,691	1,409
Loss on disposal of property, plant and equipment	2	-
Finance costs	1,557	1,718
Interest income	(421)	(206)
Dividend income	(639)	(755)
Gain on sale of long-term investments	(4,179)	-
Provision for doubtful debts	995	436
Fair value adjustment	1,437	3,027
Share of profit of associates	(4,295)	(2,592)
Operating profit before reinvestment in working capital	1,500	3,424
Increase in debtors	(11,265)	(3,181)
Decrease in short-term investments	492	4,462
Increase / (decrease) in creditors	13,702	(27,634)
Cash flows from / (used in) operations	4,429	(22,929)
Interest paid	(1,508)	(2,186)
Interest received	421	210
Income tax paid	(541)	(724)
Net cash flows from / (used in) operating activities	2,801	(25,629)

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CONSOLIDATED CASH FLOW STATEMENT (Continued)

	Group	
	3 months ended	
	30 Sep 2015	30 Sep 2014
	\$'000	\$'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(301)	(15,306)
Purchase of intangible assets	(331)	(491)
Purchase of long-term investments	(5,225)	(4,682)
Proceeds from sale of long-term investments	20,576	3,055
Investments in associates	(5,034)	(1,389)
Net dividend received from associates	-	3,398
Dividend income received	570	679
Net cash flows from / (used in) investing activities	<u>10,255</u>	<u>(14,736)</u>
Cash flows from financing activities		
Acquisition of non-controlling interests	(23)	-
(Repayment of) / proceeds from bank borrowings	(8,971)	10,488
Net cash flows (used in) / from financing activities	<u>(8,994)</u>	<u>10,488</u>
Net increase / (decrease) in cash and cash equivalents	4,062	(29,877)
Effect of exchange rate changes in opening cash and cash equivalents	2,244	4,644
Cash and cash equivalents at beginning of period	114,863	121,296
Cash and cash equivalents at end of period	<u><u>121,169</u></u>	<u><u>96,063</u></u>

Cash and bank balances of the Group include fixed deposits of \$1,024,000 (2014: \$1,020,000) and other cash and bank balances of \$50,679,000 (2014: \$39,423,000) of a subsidiary company which are segregated under the Securities and Futures Act and represent funds deposited by customers and accruing to customers.

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NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

(Amounts in Singapore dollars)

(These figures have not been audited)

A. SHARE CAPITAL

In the third quarter ended 30 September 2015, no (2014: Nil) shares were purchased or issued by the Company. The total number of issued shares as at 30 September 2015 was 326,686,537 (2014: 316,070,805). The Company did not hold any treasury shares as at 30 September 2015 and 2014.

B. REVENUE AND EXPENSES

Profit before taxation includes the following:

	Group 3 months ended		Group 9 months ended	
	30 Sep 2015 \$'000	30 Sep 2014 \$'000	30 Sep 2015 \$'000	30 Sep 2014 \$'000
Corporate services revenue	16,878	17,109	50,256	40,381
Financial services revenue –				
Commission	377	99	852	238
Forex broking revenue	3,137	2,130	7,923	5,819
Investment income –				
Fair value adjustment for short-term investments	(3,118)	(3,027)	(3,287)	(4,168)
Fair value adjustment for long-term investments	1,681	-	3,004	750
Gain / (loss) on sale of short-term investments	1,018	1,778	3,281	2,283
Gain / (loss) on sale of long-term investments	4,179	-	4,833	(271)
Dividend income	639	755	1,341	2,381
Interest income :				
- Bank deposits	55	42	219	111
- Others	366	164	1,037	463
Gain on disposal of subsidiary	-	-	1,349	-
Loss on disposal of associates	-	-	(1,207)	(14)
Other investment income	-	41	8	279
Other income –				
Service income	533	15	1,576	51
Rental income	92	57	245	168
Gain on disposal of property, plant and equipment	-	-	-	5
Finance costs –				
Interest expense -				
Bank loans and overdrafts	(1,554)	(1,682)	(4,736)	(4,607)
Others	(3)	(36)	(6)	(41)

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

C. TAX

	Group 3 months ended		Group 9 months ended	
	30 Sep 2015 \$'000	30 Sep 2014 \$'000	30 Sep 2015 \$'000	30 Sep 2014 \$'000
Current income tax				
Current year	(709)	(1,040)	(2,333)	(2,147)
(Under) / overprovision in respect of prior years	(22)	-	186	64
Deferred tax	318	467	765	783
	<u>(413)</u>	<u>(573)</u>	<u>(1,382)</u>	<u>(1,300)</u>

D. AGGREGATE AMOUNT OF GROUP'S BORROWINGS

	Secured		Unsecured	
	30 Sep 2015 \$'000	31 Dec 2014 \$'000	30 Sep 2015 \$'000	31 Dec 2014 \$'000
Amount due within one year	3,990	4,331	56,163	53,433
Amount due after one year	110,195	119,296	10,750	11,500
	<u>114,185</u>	<u>123,627</u>	<u>66,913</u>	<u>64,933</u>

E. EARNINGS PER SHARE

Basic and diluted earnings per share ("EPS") are calculated by dividing the profit attributable to Owners of \$4,771,000 (2014: loss of \$610,000) by the weighted average number of ordinary shares in issue during the period of 326,686,537 (2014: 316,070,805).

There were no outstanding share options as at 30 September 2015 and 2014.

F. NET ASSET VALUE PER SHARE

	Group		Company	
	30 Sep 2015	31 Dec 2014	30 Sep 2015	31 Dec 2014
Net asset value per share based on existing issued share capital as at the end of the respective period	113.03 cts	122.97 cts	97.53 cts	98.10 cts
	<u>113.03 cts</u>	<u>122.97 cts</u>	<u>97.53 cts</u>	<u>98.10 cts</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

G. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). Other than the adoption of the new and revised FRS which took effect from the current financial year, the accounting policies have been consistently applied by the Company and by the Group and are consistent with those used in the previous financial year. The adoption of the new and revised FRS has no impact on the financial position and financial performance of the Company.

DIVIDENDS

No dividend was declared or recommended during the period ended 30 September 2015 (2014: Nil).

AUDIT

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

INTERESTED PERSON TRANSACTIONS

The Company does not have an Interested Person Transactions mandate.

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5)

The Board of Directors hereby confirm that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the unaudited Financial Statements of the Company and of the Group for the third quarter ended 30 September 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Thomas Teo Liang Huat
Chief Financial Officer

13 November 2015
Singapore