



*When one door closes
another door opens...
the alternate value proposition.*

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BOARD OF DIRECTORS

Ling Yew Kong
(Chairman/Managing Director)
Er Kwong Wah
(Independent Non-Executive Director)
Lawrence Kwan
(Independent Non-Executive Director)
David Wang
(Non-Independent Non-Executive Director)

COMPANY SECRETARY

Abdul Jabbar Bin Karam Din

AUDIT COMMITTEE

Er Kwong Wah (Chairman)
Lawrence Kwan
David Wang

REMUNERATION COMMITTEE

Er Kwong Wah (Chairman)
Lawrence Kwan
David Wang

NOMINATING COMMITTEE

Lawrence Kwan (Chairman)
Er Kwong Wah
Ling Yew Kong

REGISTERED OFFICE

One Phillip Street #08-01
Singapore 048692
Tel : 64486211
Fax : 64452506
Email : corphq@frstlinkcorp.com.sg
Website : www.frstlinkcorp.com.sg

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
8 Cross Street #11-00
PWC Building
Singapore 048424

SHARE LISTING

Firstlink Investments Corporation Limited's shares have been suspended on 1 April 2011 upon the request of the Singapore Exchange Securities Trading Limited

AUDITOR

Baker Tilly TFW LLP
Certified Public Accountants, Singapore
Partner in charge of the audit:
Ong Kian Guan
(Appointed since financial year ended
31 December 2010)

PRINCIPAL BANKER

Standard Chartered Bank

LEGAL ADVISERS

Drew & Napier LLC
Rodyk & Davidson LLP
Yoong & Partners LLP

LING YEW KONG

(Chairman/Managing Director)

As Chairman and Managing Director of Firstlink, Mr Ling is primarily responsible for providing strategic guidance and charting new directions for the Company. He is also a member of the Nominating Committee. Mr Ling is currently the Chairman of Moya Dayen Limited. He started his career in 1991 as an Auditor with Ernst & Young. He held various positions as Finance Manager of Keppel Securities Pte Ltd, Vice President (Equity Investments) of Deutsche Morgan Grenfell & Partners Securities Pte Ltd, and Head of Sales for corporate and private equities in Socgen Crosby Securities Pte Ltd, before joining IPCO International Ltd in 2001 as Executive Director and Chief Operating Officer. At IPCO, Mr Ling was responsible for the operations of infrastructure projects managing the 240 kilometres toll road in Guangzhou, PRC.

Mr Ling has a Bachelor of Commerce Degree, major in Accounting, from Murdoch University, Western Australia. He is also a member of the Australian Society of Certified Practising Accountants.

ER KWONG WAH

(Independent Director)

Mr Er graduated with a First Class Honours Degree in Electrical Engineering in 1970 from the University of Toronto, Canada, under a Colombo Plan Scholarship. He obtained a Master of Business Administration in 1978 from the University of Manchester, United Kingdom under a Bank of Tokyo Scholarship.

Mr Er was appointed to the Board in 2003 as an Independent Non-Executive Director. He is the Chairman for both the Audit and Remuneration Committees and a member of the Nominating Committee.

Currently, Mr Er is the Executive Director of East Asia Institute of Management and sits on a number of public listed companies as an Independent Director. The companies include COSCO Corporation (Singapore) Ltd, China Sky Chemical Fiber Co., Ltd, China Oilfield Technology Services Group Ltd, China Essence Group Ltd, Eucon Holding Ltd, Thai Prime Fund Ltd, Hartawan Holdings Ltd and Van Der Horst Energy Ltd. Mr Er is currently the Chairman and an Independent Director of Unidux Electronics Ltd.

Mr Er spent 27 years in the Singapore Government civil service and served in a number of Ministries before retiring to pursue a second career in the private sector. Mr Er was the Permanent Secretary in the Ministry of Education from 1987 to 1994 and the Ministry of Community Development from 1994 to 1997. Mr Er was awarded the Public Administration Medal (Gold) in 1990 in recognition of his achievements during his office in the public sector. In 1991, he was honoured by the French Government with the Commandeur dans l'Ordre des Palmes Academiques. In 2004, Mr Er was also awarded the Public Service Medal (PBM) by the Singapore Government. In 2009, he was presented the Public Service Star award by the Singapore Government in recognition of his continuous contribution in public services.

LAWRENCE KWAN*(Independent Director)*

Mr Kwan was appointed as an Independent Non-Executive Director of Firstlink, Chairman of the Nominating Committee and a member for both the Audit and Remuneration Committees on 2 November 2009.

Mr Kwan was the managing director of a firm of corporate secretarial and share registrar services provider till his retirement in January 2005. He has more than 30 years experience in the fields of financial services and professional corporate secretarial services. He is a Board Member of the Accounting and Corporate Regulatory Authority, Singapore (ACRA).

Mr Kwan is a fellow of the Institute of Chartered Secretaries and Administrators, UK. He is currently the Vice Chairman of the Singapore Association of the Institute of Chartered Secretaries and Administrators (SAICSA) and also chaired the Corporate Secretarial Practice subcommittee of SAICSA. He also holds a Master of Business Administration from the University of East London. He is also a graduate member of the Australian Institute of Company Directors.

DAVID WANG*(Non-Independent Director)*

Mr Wang graduated from Suffolk University, School of Management, Boston, USA with a MBA (Master in Business Administration) in 1993.

Mr Wang was appointed as an Independent Non-Executive Director of Firstlink in May 2007. He became a Non-Independent Non-Executive Director in October 2010 in view of his spouse, Ms Angelica Wang's appointment as Senior Manager, Administration & Research of Firstlink Capital Pte Ltd, a wholly-owned subsidiary of the Company. Mr Wang is a member for both the Audit and Remuneration Committees.

Mr Wang started his career with NECX in USA as its Semiconductor Buyer in November 1994. In September 1996, he became the Assistant Sales Manager of Commodity Components International (CCI) in USA.

He later joined Pronics Co., Ltd in June 1997 as its Vice President of Marketing and Sales based in Hong Kong and Guangzhou, PRC. In October 1999, he became an International Business Consultant with Newlander Systems Inc., in USA.

From November 2002 to present, he carries the position of General Manager in Suntay International Investment Co., in Guangzhou, PRC. From March 2006 to present, he is also a Director of Century Epitech Co., Ltd in Shenzhen, PRC.

KUNG GUAN SENG

Mr Kung was appointed as Vice President, Special Project of Firstlink on 11 October 2010.

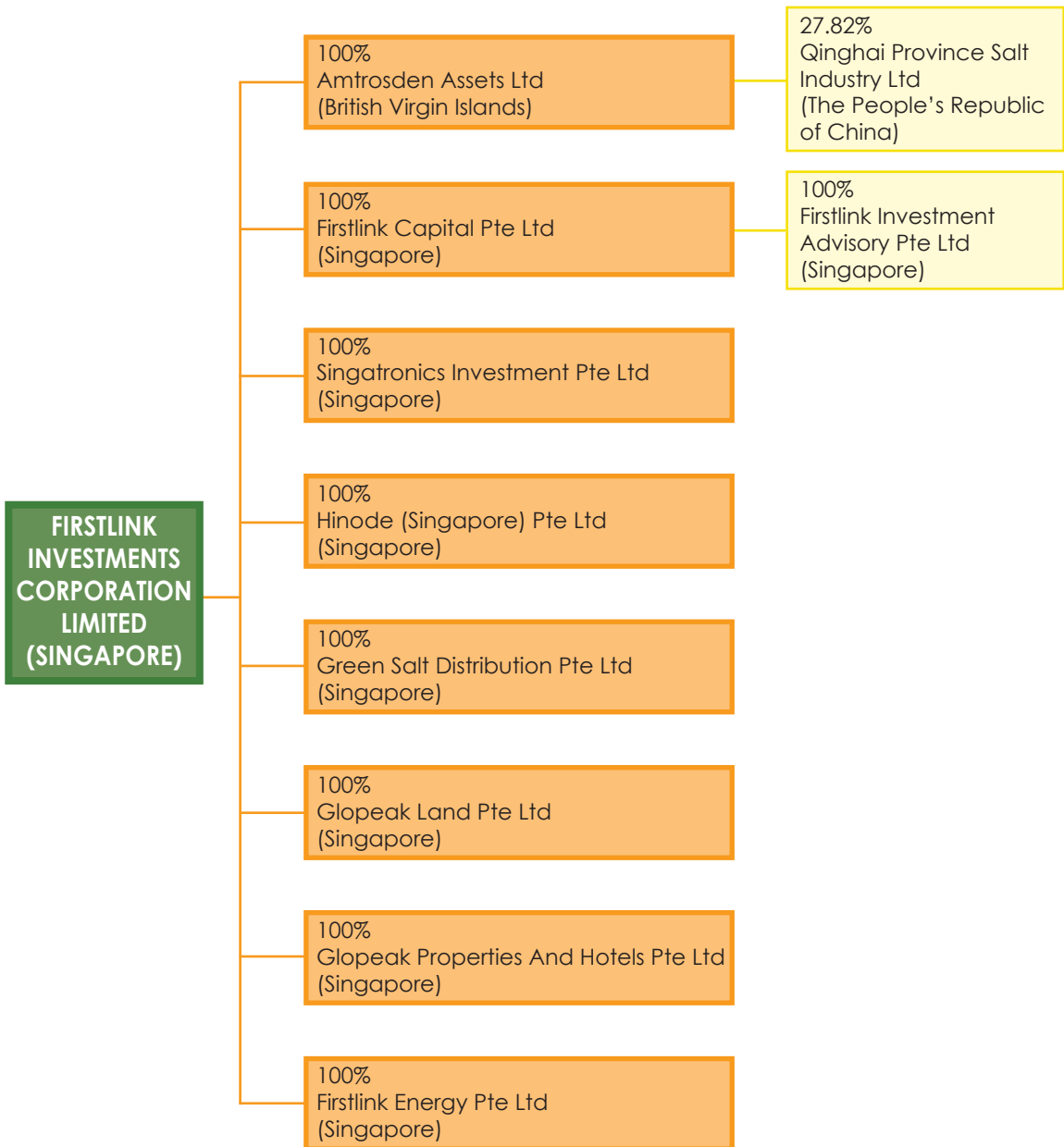
He has more than 13 years of working experience in financial reporting, budgeting and planning, corporate recovery, audit and tax. He has held various financial positions including Senior Group Accountant and Finance Manager in both private and public companies in Singapore.

He is a fellow member of the Association of Chartered Certified Accountants and Malaysian Institute of Accountants. He graduated with Diploma in Financial Accounting from the Tunku Abdul Rahman College in Kuala Lumpur, Malaysia.

LILY WOON

Ms Woon joined Firstlink in 1984 and is presently serving as Group Financial Controller. She started working for DBS Bank in 1979 as a System Officer and became Group Accountant in Acma Limited from 1981 to 1984.

Ms Woon graduated with a degree in Accountancy from the former University of Singapore. She is a member of the Institute of Certified Public Accountants of Singapore.



Dear Shareholders

I took the challenge to steer the ship of Firstlink since 2005. During the course, the following unfortunate events had occurred:

- a. July 2005 – Uncovered the conspiracy to defraud the Company of \$59.9 million in its salt mine investment through the execution of a Shareholders Agreement relinquishing management control of Green Salt Group Limited (“GSGL”) to Asiacorp Development Limited (“Asiacorp”).
- b. July 2005 – Uncovered the fraud by GSGL of \$5.8 million intercompany loan and fraudulent novation of loan.

January 2009 - Through our assiduous efforts, the Company managed to fully settle and resolve all claims and disputes between the Company, GSGL and Asiacorp that resulted in the Company having a 27.82% direct interest in its salt mine investment.

- c. July 2005 – Uncovered the fraud by Creanovate Pte Ltd (“Creanovate”) of \$3.5 million on subscription for Exchangeable Bonds in Creanovate and unauthorised loan of \$1 million to Creanovate.

September 2006 - The Company had obtained from the High Court of Singapore an order in its favour in the legal suit against Creanovate and certain former directors of Firstlink Energy Pte Ltd, a wholly-owned subsidiary of the Company. This award by the High Court brought to a close a very unfortunate episode for the Company.

- d. 24 January 2008 - Proposed acquisition of China Plant Nutrition Holdings Pte Ltd (“China Plant”) was terminated as a result of China Plant inability to fulfill its conditions precedent despite an extension of time granted.

- e. 1 March 2008 - The introduction of a Watch-List by SGX to remove unprofitable mainboard companies. The Company was placed on the Watch-List on 3 December 2008. Since then, the Company had been working towards identifying strategic businesses either through growing the business organically or through reverse-takeover (“RTO”). However, due to the financial crisis in 2008 – 2010, there were not many companies that qualified for RTO.
- f. 3 December 2010 - Proposed acquisition of Tai-Ao Aluminium Group Limited (“Tai-Ao”), which constituted a RTO, was aborted due to the unexpected and uncontrollable situation arising from the custom duties in US which had materially affected the profit after tax of Tai-Ao.
- g. 7 January 2011 - The Company was exploring a further time extension opportunity to meet the requirements to be removed from the Watch-List by proposing to acquire Fujian Fuming Food Ltd but the proposal was rejected by SGX.
- h. 21 February 2011 - The Company received a delisting notification from SGX.

Performance Review

The Group registered a net loss of \$34.28 million compared to a net loss of \$2.15 million in previous year, an increase of \$32.13 million. This was mainly due to an impairment loss of \$31.31 million on its investment in the associated company, Qinghai Province Salt Industry Limited (“QPSI”). QPSI’s financial position has suffered as a result of substantial losses sustained by its metallic sodium plant for the past few years. The metallic sodium plant has yet to resume its operations since it was shut down in April 2009. Hence, the

investment in QPSI is not expected to generate returns as QPSI will not be able to pay out dividends in the foreseeable future. Given the Group's intention to dispose of QPSI, the carrying value of investment in QPSI as at 31 December 2010 was written down to \$15.6 million which was based on the highest indicative offer received to-date.

Cash Position

The Group is virtually debt-free with a cash reserve of about \$1.11 million and a portfolio of marketable securities of \$2.12 million as of 31 December 2010.

Delisting and Exit Offer

Since December 2010 when the proposed acquisition of Tai-Ao was terminated, the Board had been vehemently exploring alternatives with SGX to extend the timeline to complete other RTO. On 21 February 2011, SGX issued a delisting notification to the Company. Since then, we have appointed NTan Corporate Advisory to explore other alternatives.

Under Listing Rule 1309, the Company is expected to give a reasonable exit alternative normally in the form of cash exit offer to its shareholders. The Board has been considering all alternatives available including studying and reviewing other exit offers given by listed companies. We are in consultation with financial advisors and lawyers to present the best possible exit offer with a view of maximising returns to its existing shareholders. Given the nature of our only asset (27.82% stake in QPSI), our most likely buyer will be our strategic shareholders in QPSI. They have expressed interest to buy the stake in QPSI for between \$15 – \$17 million. The Board is in the final stage to accept one of the offers in the

very near future subject to shareholders' approval at an Extraordinary General Meeting. The net cash value after disposal of QPSI will be approximately between \$0.03 – \$0.035. The completion of the disposal is anticipated to be within 3 – 4 months from the date of signing the sale and purchase agreement.

The Board will continue to identify and present available alternatives in the best interest of shareholders.

Acknowledgement

On behalf of the Company, I wish to put on record our gratitude and appreciation to Mr Lee Yuen Wai, a former member of the Board of Directors who resigned during the financial year, for his invaluable contribution during his tenure serving on the Board.

On behalf of the Board of Directors, I would like to express my appreciation to all employees for their hard work and dedicated service during the year. I also wish to thank our business associates and our shareholders for their continued support. Finally, my gratitude to my fellow Directors on the Board for their invaluable guidance, advice and contribution to the Group.



Ling Yew Kong
Chairman

1 April 2011

CORPORATE GOVERNANCE REPORT

The Board of Directors continues to be committed to achieving high standards of corporate governance in the conduct of the business and affairs of the Group so as to ensure greater transparency, accountability and protects shareholders' investments in the Company which is integral to the Group's continued progress and success.

This report explains the manner in which the Group has applied the principles and guidelines of the Code of Corporate Governance 2005 (the Code) and describes the corporate governance practices and structures of the Company that were in place during the financial year.

The Board's Conduct of its Affairs

Principle 1: Effective Board to lead and control the Company

The Group is led and controlled by an experienced Board which is collectively responsible for the performance and success of the Group. The Board provides strategic direction and advice to the Group and guides the Group in its short and long term goals. The Board also provides leadership and guidance to the management of the Company.

Members of the Board bring with them a wide range of business, financial, industrial and technical experience to the helm of the Group. This ensures a balanced Board decision-making process that is essential for the strong and effective leadership and control of the Group. All Board members are also expected to exercise independent judgement in the best interests of the Company. Profiles of the Directors are set out on pages 2 to 3 of the Annual Report.

The Company has in place financial authorisation and approval limits for operating and capital expenditure as well as acquisitions and disposal of investments. Within these guidelines, the Board approves transactions above certain thresholds. The Board also approves the financial results for release to the Singapore Exchange Securities Trading Limited (SGX-ST).

The Board is supported in its tasks by Board committees that have been established to assist in the execution of its responsibilities, namely, the Audit Committee, the Remuneration Committee and the Nominating Committee.

The Board conducts regular scheduled meetings at least two times a year and meets as and when warranted by particular circumstances between the scheduled meetings. In the financial year ended 31 December 2010, a total of 6 meetings were held. The attendance of the Directors at Board meetings and Board committee meetings, as well as the frequency of such meetings, is disclosed in this report.

Newly appointed Directors will be issued with a formal letter by the Company Secretary or the Management setting out the Director's duties and advising of their disclosure obligations under the Companies Act, Cap. 50 and SGX-ST listing rules. Management will also conduct orientation programme for new Directors to familiarise them with the business activities of the Group, its strategic direction and corporate governance practices.

CORPORATE GOVERNANCE REPORT

Board Composition and Guidance

Principle 2: Strong and independent element on the Board

There is a strong and independent element on the Board. The Board comprises four members: A Chairman/Managing Director, two Independent Non-Executive Directors and a Non-Independent Non-Executive Director. The Independent Non-Executive Directors, comprising 2/4 of the Board, are independent of Management and have no relationship that would interfere with the exercise of their independent business judgement. No individual or group of individuals dominates the Board's decision making.

The Nominating Committee determines on an annual basis whether or not a Director is independent, bearing in mind the Code's definition of an "Independent Director" and guidance as to relationships the existence of which would deem a director not to be independent. The Nominating Committee is satisfied that the Board comprises Directors who as a group provide core competence such as accounting and finance, business or management experience, industry knowledge, strategic planning and strategic experience required for the Board to be effective. The Nominating Committee also considers the present Board size of four Directors appropriate for the current nature and scope of the Group's operations.

Chairman and Chief Executive Officer

Principle 3: Chairman and Chief Executive Officer to be separate persons to ensure appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making

Currently, the Company does not have a Chief Executive Officer-Designate. However, Mr Ling Yew Kong is the Chairman as well as the Managing Director of the Company. The Board is of the view that at this current time, it is not necessary to separate the roles of the Chairman and Managing Director given the current corporate structure, scope of the Group's operations and the number of Directors on the Board. There is also a balance of power and authority with the various committees chaired by the Independent Directors. In addition, the Board has appointed Mr Er Kwong Wah as the Lead Independent Director to lead and co-ordinate the activities of the Non-Executive Directors.

The Chairman provides strategic input and ensures that strategies and policies approved by the Board are effectively implemented.

The functions of Executive and Non-Executive Directors are separate and distinct. The Executive Directors are responsible for making and implementing operational decisions and running the Group's business.

Non-Executive Directors support the skills and experience of the Executive Directors and contribute to the formulation of strategies and policies based on their knowledge and experience.

The Independent Non-Executive Directors, whose number complies with the requirement set out by the Code, bring strong independent judgement, knowledge and experience to the Board's deliberations, thus ensuring a balanced Board decision-making process.

CORPORATE GOVERNANCE REPORT

Board Membership

Principle 4: Formal and transparent process for the appointment of new directors to the Board

The Nominating Committee was established on 15 April 2003. The Nominating Committee's primary responsibilities are to consider and recommend to the Board on all Board appointments and Directors' re-nomination/re-election based on the Directors' contribution and performance.

All appointments to the Board are reviewed, assessed and recommended by the Nominating Committee before approval by the Board and all newly appointed Directors are subject to retirement and re-election by shareholders at the next Annual General Meeting of the Company following their appointments. Existing Directors are subject to retirement and re-election by shareholders at least once every 3 years in accordance with the Company's Articles of Association. In evaluating a Director's contribution and performance for the purpose of re-nomination/re-election, the Nominating Committee takes into consideration a variety of factors such as attendance, preparedness, participation and candour.

The Committee also determines on an annual basis, whether or not a director of the Company is independent. Where a director has multiple board representations, the Nominating Committee determines whether or not the Director is able to discharge and has adequately carried out his/her duties as Director of the Company.

The Nominating Committee comprises the following Directors, the majority of whom, including the Chairman, are independent from Management. In addition, the Chairman is not, or not directly associated with, a substantial shareholder of the Company:-

- Mr Lawrence Kwan (Chairman), Independent Non-Executive Director
- Mr Er Kwong Wah (Member), Independent Non-Executive Director
- Mr Ling Yew Kong (Member), Chairman/Managing Director

The Committee met twice during the financial year of 2010.

Board Performance

Principle 5: Formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board

In addition to the Nominating Committee's responsibilities stated above, the Nominating Committee is also responsible for the assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board on an annual basis. The Nominating Committee decides how the Board's performance may be evaluated and proposes objective performance criteria focusing on enhancing long-term shareholders' value for the Board's approval.

As part of the appraisal process, the Directors will complete appraisal forms which are then collated and the findings were analysed and discussed with a view to implementing certain recommendations to further enhance the effectiveness of the Board.

CORPORATE GOVERNANCE REPORT

Access to Information

Principle 6: Board members to have complete, adequate and timely information

All Directors are provided with an agenda and information necessary for them to deal with the agenda prior to Board meetings. Directors have direct access to the advice and services of the Company Secretary as well as access to Senior Management of the Group in discharging their duties.

The Directors, whether as a full Board or in their individual capacity, may obtain independent professional advice at the Company's expense where necessary in order to discharge their duties. Where the Directors require such external professional advice in their individual capacity, such advice may be obtained subject to the approval of the Audit Committee.

In order for the Board to fulfill its responsibilities, Management strives to provide adequate and timely information to the Board on Board affairs and issues requiring the Board's decision as well as information relating to operational and financial performance of the Group.

Procedures for developing Remuneration Policies

Principle 7: Formal and transparent procedure for developing policy on executive remuneration and for fixing remuneration packages of individual directors

Remuneration of the Executive Directors for year 2010 was approved by the Board. No Director was involved in deciding his own remuneration.

The Remuneration Committee was established on 15 April 2003. The primary responsibilities of the Remuneration Committee are to recommend to the Board a framework of remuneration for the Board and Key Executives, and to determine specific remuneration packages for each Executive Director. The Committee's recommendations are made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board. The Remuneration Committee is also responsible for administering the Company's Share Option Scheme.

The Remuneration Committee comprises entirely Non-Executive Directors, majority of whom, including the Chairman, are independent:-

- Mr Er Kwong Wah (Chairman), Independent Non-Executive Director
- Mr Lawrence Kwan (Member), Independent Non-Executive Director
- Mr David Wang (Member), Non-Independent Non-Executive Director

The Committee convened two meetings during 2010 financial year.

CORPORATE GOVERNANCE REPORT

Level and Mix of Remuneration

Principle 8: Remuneration of directors should be adequate but not excessive

The Company's objective is to ensure that the level of remuneration is sufficient to attract, retain and motivate Directors to run the Company successfully. The remuneration for Executive Directors takes into account the responsibility, contribution and performance of the individual, as well as the Company's relative performance.

Comparable remuneration packages in the industry are also taken into account in determining the remuneration for Executive Directors. Remuneration of the Non-Executive Directors is appropriate to the level of contribution and responsibilities of the Directors which is not over-compensated to the extent that their independence are compromised. The Non-Executive Directors are paid Directors' fees and such Directors' fees are determined by the Board and subject to shareholders' approval at the Annual General Meeting.

The Executive Director has entered into a service contract with the Company which takes into consideration the above factors.

Disclosure on Remuneration

Principle 9: Disclosure on remuneration policy, level and mix of remuneration, and procedure for setting remuneration

The Company's remuneration policy is set out under Principle 8 above.

- (a) A breakdown (in percentage terms) of the remuneration of Directors for the financial year ended 31 December 2010.

CORPORATE GOVERNANCE REPORT

	Salary %	Bonus %	Performance			Contractual compensation %	Fair value share of options granted %	Total %
			fee %	Fee %	Benefits %			
Executive Directors Between S\$1,250,000 to below S\$1,500,000								
Lee Yuen Wai (Resigned on 16.4.2010)	25	-	*	-	*	75	-	100
Executive Directors Between S\$500,000 to below S\$750,000								
Ling Yew Kong	74	24	-	-	2	-	-	100
Independent Directors Below S\$250,000								
Er Kwong Wah	-	-	-	100	-	-	-	100
Lawrence Kwan	-	-	-	28	-	-	72	100
Non-Independent Directors Below S\$250,000								
David Wang	-	-	-	100	-	-	-	100

* Less than 1%

- (b) Remuneration of top key executives who are not directors for the financial year ended 31 December 2010.

Below S\$250,000	Kung Guan Seng (Vice President, Special Project) Lily Woon (Group Financial Controller)
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The Board is of the opinion that details of the remuneration for individual Directors and Key Executives are confidential, and disclosure of such information would not be in the interest of the Company.

No employee of the Company and its subsidiaries was an immediate family member of a Director or the Executive Chairman and whose remuneration exceeded S\$150,000 during the financial year ended 31 December 2010. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.

CORPORATE GOVERNANCE REPORT

(c) Employee's Share Option Scheme

Following the expiration of the Company's previous share option scheme in 1999, and as a means of achieving the Company's objective to attract, retain and motivate employees, the Company had in 2001 implemented a new Share Option Scheme ("Scheme") in which Directors and employees of the Company and subsidiaries may participate. The Scheme is administered by the Remuneration Committee.

Further details of the Scheme are set out in the Directors' Report of the Financial Statements.

Accountability

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

The Board endeavours to ensure that the annual audited financial statements and half-yearly announcements of the Group's results present a balanced and understandable assessment of the Group's position and prospects. The Board embraces openness and transparency in the conduct of the Company's affairs, whilst preserving the commercial interests of the Company. Financial and other price sensitive information are disseminated to shareholders through announcements via SGXNet.

Audit Committee

Principle 11: Establishment of Audit Committee with written terms of reference

(a) Membership

The Audit Committee was formed on 28 March 1991. All members of the Audit Committee are Non-Executive Directors of the Company with the majority of whom, including the Chairman of the Audit Committee, are independent directors and are as follow:-

- Mr Er Kwong Wah (Chairman), Independent Non-Executive Director
- Mr Lawrence Kwan (Member), Independent Non-Executive Director
- Mr David Wang (Member), Non-Independent Non-Executive Director

Members of the Audit Committee come from different professions and backgrounds and they bring to the Board, a wealth of experience in corporate governance and business management. They also provide guidance in relation to industry and financial developments. Profiles of the members of the Committee are set out on pages 2 to 3 of the Annual Report.

(b) Terms of Reference

The Audit Committee is authorised by the Board to investigate any matter within its terms of reference and has full access to and co-operation from the Management. The Audit Committee also has full discretion to invite any Director or executive officer to attend its meetings.

CORPORATE GOVERNANCE REPORT

The duties of the Audit Committee include the review of the scope and results of the audit and its cost effectiveness, the independence and objectivity of the external auditor, significant financial reporting issues and judgements to ensure the integrity of the external auditor, significant financial reporting issues and judgements to ensure the integrity of the financial statements, any formal announcements relating to the Group's financial performance, review the need for an internal audit function, and recommending to the Board on the appointment, re-appointment and removal of the external auditor.

(c) Summary of Activities

The following activities were carried out by the Audit Committee during the year under review:-

- (i) Reviewed the half-yearly and annual financial statements of the Group prior to presentation for the Board's approval.
- (ii) Considered and recommended to the Board the appointment of the external auditor and approval of the audit fee.
- (iii) Reviewed the external auditor's audit plan with the external auditor.
- (iv) Discussed and reviewed the Group's annual financial statements with the external auditor including issues and findings noted in the course of the audit of the Group's financial statements.
- (v) Discussed the external auditor's evaluation of the system of internal controls of the Group with the external auditor.
- (vi) Reviewed the audit reports of the Group and their reports on the weaknesses of internal accounting controls arising from their audit examination.
- (vii) Reviewed the level of co-operation and assistance provided by the Company's officers to the external auditor.
- (viii) Met with the external auditor without the presence of the Company's Management.
- (ix) Reviewed the need for an internal audit function.
- (x) Reviewed the non-audit services provided by the external auditor to the Company and was satisfied that the nature and extent of such services would not prejudice the independence of the auditor.
- (xi) Reviewed interested person transactions falling within the scope of the SGX-ST Listing Manual.

CORPORATE GOVERNANCE REPORT

(d) Whistle-Blowing Policy

The Company has in place whistle-blowing policies and arrangements by which staff may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters. To ensure independent investigation of such matters and for appropriate follow up action, all whistle-blowing complaints are to be sent to the Chairman of the Audit Committee. If investigation reviews that the complaint is with merit, a special meeting of the Audit Committee shall be arranged immediately. Upon thorough investigation, the Audit Committee shall take the necessary actions to protect the interest of the Company. The Board shall be notified of the reports and the actions taken by the Audit Committee. Details of the whistle-blowing policies and arrangements shall be disseminated to all staff in the Group.

Internal Controls and Internal Audit

Principle 12: Sound system of internal controls

Principle 13: Independent internal audit function

The Board believes that, in the absence of any evidence to the contrary, the system of internal controls maintained by the Group's Management provides reasonable assurance against material financial misstatements or loss and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices and the identification and management of business risks.

The Board notes that no system of internal control can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

Given the scope and nature of the Group's operations coupled with the system of internal controls in place, the Board is of the view that the engagement of internal auditor is not required.

The Company's external auditor conduct annual review in accordance with its audit plans of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements will be reported to the Audit Committee. The Audit Committee will also review the effectiveness of the actions taken by Management on the recommendations made by the external auditor in this respect.

During the year, the Audit Committee reviewed the effectiveness of the Company's internal control and was satisfied that the Company's internal controls are adequate to meet the needs of the Company in its current business environment.

CORPORATE GOVERNANCE REPORT

Communication with Shareholders

Principle 14: Regular, effective and fair communication with shareholders

Principle 15: Greater shareholder participation at Annual General Meetings

The Board encourages shareholders' active participation at the Company's Annual General Meetings and endeavours to ensure that all Board members are in attendance. Shareholders are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. Shareholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon. If any shareholder is unable to attend, he is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance.

The Chairman of each Board Committee will be present to address questions at the Annual General Meeting. Auditors and other legal/financial advisers, where applicable, are also present at the Company's Annual General Meeting to assist the Directors to address shareholders' queries, if necessary.

Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company Secretary prepares minutes of shareholders' meetings which incorporates substantial comments or queries from shareholders and responses from the Board and Management.

The Company will continue to make timely releases of the Group's half-year and full-year results within 45 and 60 days respectively from the close of a particular half-year as stipulated by the Listing Manual of the SGX-ST.

Material information is and will be disclosed in a comprehensive, accurate and timely manner via SGXNet and/or the press. Where inadvertent disclosure has been made to a select group, the Company will make the same disclosure publicly to all others as soon as practicable.

Members of the public can obtain the Company's financial results and its announcements from the SGX website or the Company's corporate office. Shareholders may also contact the Company's Investor Relations Officer for information at all times.

Dealings in Securities

Under the Company's Code of Conduct in Securities Transactions, Directors and Key Management Staff of the Company are prohibited from trading in the Company's shares during the period commencing one month before the announcement of the Company's half-yearly or annual results and ending on the date of announcement of the relevant results. The Directors and Key Management Staff are also required to observe insider trading laws at all times.

CORPORATE GOVERNANCE REPORT

Material Contracts

To the best of the Board's knowledge, there were no material contracts involving the interests of the Group Directors, controlling shareholders nor their associates either as at 31 December 2010 or since the end of the previous financial year.

Interested Person Transactions

Save as disclosed in note 28b(ii) to the Financial Statements, there were no interested person transactions entered into by the Group during the financial year.

Directors' Attendance at Board and Committee Meetings

Details of Directors' attendance at Board and Committee meetings are as follows:

DIRECTOR	BOARD		AUDIT COMMITTEE		REMUNERATION COMMITTEE		NOMINATING COMMITTEE	
	No. of Meetings Held ⁽¹⁾	No. of Meetings Attended	No. of Meetings Held ⁽¹⁾	No. of Meetings Attended	No. of Meetings Held ⁽¹⁾	No. of Meetings Attended	No. of Meetings Held ⁽¹⁾	No. of Meetings Attended
Er Kwong Wah	6	6	2	2	2	2	2	2
Lee Yuen Wai ⁽²⁾	3	3	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Ling Yew Kong	6	5	N.A.	N.A.	N.A.	N.A.	2	2
David Wang ⁽³⁾	6	4	2	1	2	1	1	0
Lawrence Kwan	6	6	2	2	2	2	2	2

⁽¹⁾ Represents number of meetings held which were applicable to each individual director.

⁽²⁾ Resigned as a Director on 16.4.2010.

⁽³⁾ Ceased as a member of the Nominating Committee on 5.10.2010.

RISK IDENTIFICATION, MANAGEMENT POLICIES AND PROCESS

The Company regularly reviews the Group's business, operational and investment activities and identifies the associated business risks as part of its risk management policy.

The risks identified and outlined below may not be exhaustive. All these risks may materially affect the Group's business, turnover, operating profit, net assets, liquidity and capital resources.

(a) Financial Risks Management

The Group is exposed to a variety of financial risks, including credit risk, currency risk, interest rate risk, liquidity risk and other price risk. The Group's overall financial risk management objective is to ascertain, address and control the risks to which the Group is exposed so as to minimise the financial downside risk at reasonable costs. The identification and management of such risks are outlined in the Financial Statements.

(b) Operational Risks Management

Operational risks, inherent in all business activities, have the potential for financial loss and business instability arising from failures in internal controls, operational process or the systems that support them.

The objective of operational risks management is to balance cost and risk within the constraints of the acceptability of the risk to the Group, and to be consistent with prudent management of the organisation.

(c) Investment Risks Management

In accordance with established internal guidelines, major capital investment decisions are subject to approval from the Board. The Board is also updated regularly on the performance of the investments.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Firstlink Investments Corporation Limited (the “Company”) and its subsidiaries (the “Group”) and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2010.

1 Directors

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

Ling Yew Kong
Er Kwong Wah
David Wang
Lawrence Kwan

2 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 object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under “Share Options” in note 5 of this report.

3 Directors' interests in Shares or Debentures

The directors of the Company holding office at the end of the financial year had no interest in the shares or debentures of the Company or its related corporations, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Cap. 50 (the “Act”) except as follows:

Name of director	Shareholdings in which a director is deemed to have an interest		
	At 1.1.2010	At 31.12.2010	At 21.1.2011
	Ordinary shares		
The Company			
Er Kwong Wah	*6,000	*6,000	*6,000
Ling Yew Kong	**32,201,800	**32,201,800	**32,201,800
	Warrants to subscribe for ordinary shares at the exercise price of \$0.18 each		
The Company			
Er Kwong Wah	*100	*100	*100
Ling Yew Kong	**514,280	**514,280	**514,280

* Er Kwong Wah is deemed to be interested in the shares and warrants held by his spouse, Chiang Siew Kheng.

** Ling Yew Kong is deemed to be interested in the shares and warrants held by Alphasky Group Ltd, of which Ling Yew Kong has a direct shareholding of 50%.

DIRECTORS' REPORT

3 Directors' interests in Shares or Debentures (cont'd)

The Company Name of director and exercise period	Option to subscribe for ordinary shares			
	Exercise price per share \$	At 1.1.2010	At 31.12.2010	At 21.1.2011
Ling Yew Kong 10.4.2007 to 9.4.2016	0.0691	18,734,950	18,734,950	18,734,950
Er Kwong Wah 10.4.2007 to 9.4.2011	0.0691	4,050,800	4,050,800	4,050,800
David Wang 26.3.2009 to 25.3.2013	0.07	4,000,000	4,000,000	4,000,000
Lawrence Kwan 30.4.2011 to 29.4.2015	0.072	–	4,000,000	4,000,000

4 Directors' Contractual Benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit other than disclosed in the consolidated financial statements and this report by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

5 Share Options

(a) Firstlink Investments Corporation Limited (2001) Share Option Scheme

The Firstlink Investments Corporation Limited (2001) Share Option Scheme (“the 2001 Scheme”) in respect of unissued ordinary shares in the Company was approved by the members of the Company at an Extraordinary General Meeting held on 17 May 2001 to replace the previous share option scheme.

Options to subscribe for 4,630,000, 4,770,000, 9,370,000, 44,130,000 and 4,500,000 ordinary shares were granted on 5 July 2001, 10 July 2002, 24 November 2003, 10 April 2006 and 26 March 2008 respectively. Details of these options have been disclosed in the Directors' Reports for the financial years in which the options were granted.

On 30 April 2010, options to subscribe for 5,820,000 ordinary shares were granted at an exercise price of \$0.072 per ordinary share with no discount pursuant to the 2001 Scheme.

DIRECTORS' REPORT

5 Share Options (cont'd)

(a) Firstlink Investments Corporation Limited (2001) Share Option Scheme (cont'd)

Options granted to the directors were as follows:

Name of director	Aggregate options granted since commencement of the 2001 Scheme to 31.12.2010	Aggregate options exercised/lapsed since commencement of the 2001 Scheme to 31.12.2010	Aggregate options outstanding as at 31.12.2010
Ling Yew Kong	18,734,950	–	18,734,950
Er Kwong Wah	4,253,340	202,540	4,050,800
David Wang	4,000,000	–	4,000,000
Lawrence Kwan	4,000,000	–	4,000,000

Under the 2001 Scheme, the directors may at their discretion, grant options to directors and employees of the Company and subsidiaries to subscribe for ordinary shares of the Company. The aggregate number of shares to be issued under the 2001 Scheme shall not exceed 15% of the total issued shares of the Company. The 2001 Scheme shall remain in force for a maximum duration of 10 years and is administered by the Remuneration Committee. The share options may be granted up to a maximum discount of 20% to the subscription price and may be exercised in full or in respect of 1,000 shares or a multiple thereof, on the payment of the subscription price.

(b) Options outstanding

At 31 December 2010, options to take up 43,246,702 unissued shares in the Company under the 2001 Scheme were outstanding, details of which are as follows:

Date of grant	No. of ordinary shares under options granted	Balance at 1.1.2010 or date of grant	Cancelled/ rejected/ lapsed	Balance at 31.12.2010	Exercise price per share \$	Date of expiry
24.11.2003	8,170,000	237,983	–	237,983	0.3101	23.11.2013
10.04.2006	8,500,000	4,050,800	–	4,050,800	0.0691	09.04.2011
10.04.2006	35,630,000	29,337,919	–	29,337,919	0.0691	09.04.2016
26.03.2008	4,000,000	4,000,000	–	4,000,000	0.07	25.03.2013
30.04.2010	4,000,000	4,000,000	–	4,000,000	0.072	29.04.2015
30.04.2010	1,820,000	1,820,000	(200,000)	1,620,000	0.072	29.04.2020
	62,120,000	43,446,702	(200,000)	43,246,702		

DIRECTORS' REPORT

5 Share Options (cont'd)

- (c) No options have been granted to controlling shareholders of the Company or their associates.
- (d) Except for the following directors, no participant under the 2001 Scheme has received 5% or more of the total number of options available under the 2001 Scheme:

Name of director	Aggregate options granted since commencement of the 2001 Scheme to 31.12.2010
Ling Yew Kong	18,734,950
Er Kwong Wah	4,253,340
David Wang	4,000,000
Lawrence Kwan	4,000,000

- (e) Further details of the 2001 Scheme are set out in Note 21 to the financial statements.

6 Warrants

As at the end of the financial year, the unissued ordinary shares in the Company under warrants are as follows:

Warrants issued	Balance at 1.1.2010	Issued during the year	Exercised during the year	Balance at 31.12.2010	Exercise price per share \$	Expiry date
Warrants 06/07	81,142,700	–	–	81,142,700	0.10	14.06.2012
Warrants 12/07	8,204,231	–	(400)	8,203,831	0.18	30.11.2012

80,900,000 warrants (Warrants 06/07) were issued on 15 June 2007 at a subscription price of \$0.01 each. An additional 185,750 warrants (Warrants 06/07) were issued on 27 November 2007 pursuant to the adjustment made in accordance with the deed poll dated 17 May 2007 constituting Warrants 06/07 in connection with the rights issue that was completed in December 2007. Each warrant carries the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of \$0.10 for each new share at anytime during the period commencing on 15 June 2007 and expiring on 14 June 2012.

8,205,171 free warrants (Warrants 12/07) were issued on 3 December 2007 in conjunction with the rights issue. Each warrant carries right to subscribe for one new ordinary share in the capital of the Company at an exercise price of \$0.18 for each new share at anytime during the period commencing on 3 December 2007 and expiring on 30 November 2012.

DIRECTORS' REPORT

6 Warrants (cont'd)

In 2008, 56,950 warrants (Warrants 06/07) were issued pursuant to the adjustment made in accordance with the deed poll dated 17 May 2007 constituting Warrants 06/07 in connection with the rights issue undertaken in 2007 and the mandate obtained at the Annual General Meeting held on 28 April 2008.

During the financial year, 400 ordinary shares of the Company were issued by virtue of the exercise of 400 Warrants 12/07.

7 Audit Committee

As at the date of this report, the Audit Committee comprises the following three members, two of whom are independent:

Mr Er Kwong Wah (Chairman)

Mr David Wang

Mr Lawrence Kwan

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act and the Listing Manual of the Singapore Exchange Securities Trading Limited. The functions performed are detailed in the Report of Corporate Governance in the Group's Annual Report.

The Audit Committee is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board of Directors that Baker Tilly TFW LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

8 Independent Auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

LING YEOW KONG

Director

ER KWONG WAH

Director

1 April 2011

STATEMENT BY DIRECTORS

The directors are unable to satisfy themselves on the accuracy of the share of profit of an associated company, Qinghai Province Salt Industry Ltd amounting to \$693,113 for the financial year ended 31 December 2010, as this amount was based on the unaudited management accounts as disclosed in note 12 to the financial statements.

In the opinion of the directors, except for the effects of the matter described above:

- (i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 29 to 80 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2010 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended.
- (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 directors

LING YE W KONG
Director

ER KWONG WAH
Director

1 April 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIRSTLINK INVESTMENTS CORPORATION LIMITED

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Firstlink Investments Corporation Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 29 to 80, which comprise the statements of financial position of the Group and of the Company as at 31 December 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of 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 financial statements based on conducting the audit in accordance with Singapore Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As disclosed in note 12 to the financial statements, the Group accounted for its share of profit of the associated company, Qinghai Province Salt Industry Ltd ("QPSI") amounting to \$693,113 based on the unaudited management accounts as at 31 December 2010 as the audited financial statements of QPSI are not available. In addition, the directors are of the view that the investment in QPSI is impaired and recognised an impairment loss of \$31,307,510 in the consolidated statement of comprehensive income for the year ended 31 December 2010. We have not been able to obtain sufficient audit evidence to support the management's view in this regard. Consequently, we are unable to satisfy ourselves on the appropriateness of the carrying value of the investment in QPSI amounting to \$15,600,000.

In addition, we are unable to perform the necessary audit procedures and unable to obtain appropriate audit evidence in relation to the financial information of this associated company to satisfy ourselves as to the appropriateness of the amount of the share of profit of the associated company recognised in the current financial year in the consolidated statement of comprehensive income of the Group.

The financial statements for the financial year ended 31 December 2009 were qualified for the lack of audit evidence available to satisfy ourselves as to the appropriateness of the share of loss of the associated company and the impairment loss of \$777,983 and \$898,696 respectively.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
FIRSTLINK INVESTMENTS CORPORATION LIMITED (cont'd)**

Report on the Financial Statements (cont'd)

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

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 auditor have been properly kept in accordance with the provisions of the Act.

Baker Tilly TFW LLP
Public Accountants and
Certified Public Accountants
Partner: Ong Kian Guan

Singapore

1 April 2011

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	Note	2010 \$	2009 \$
Other income	4	48,688	1,812,442
Impairment loss on investment in an associated company	12	(31,307,510)	(898,696)
Administrative expenses		(3,517,004)	(2,282,662)
Other expenses		(196,571)	(58,369)
Finance cost	6	(9,919)	(11,590)
Loss from operations		(34,982,316)	(1,438,875)
Share of results of an associated company		693,113	(777,983)
Loss before tax	7	(34,289,203)	(2,216,858)
Tax credit	8	10,963	63,891
Loss for the year		(34,278,240)	(2,152,967)
Other comprehensive loss:			
Fair value changes on available-for-sale financial assets	22	(47,650)	(165,501)
Currency translation differences arising from consolidation	23	(362,598)	(182,195)
Other comprehensive loss for the year, net of tax		(410,248)	(347,696)
Total comprehensive loss for the year		(34,688,488)	(2,500,663)
Total comprehensive loss attributable to:			
Equity holders of the Company		(34,688,488)	(2,500,663)
Loss per share			
- Basic	9	(6.96) cents	(0.44) cents
- Diluted	9	(6.96) cents	(0.44) cents

The accompanying notes form an integral part of these financial statements.

**STATEMENTS OF FINANCIAL POSITION
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	Note	Group		Company	
		2010 \$	2009 \$	2010 \$	2009 \$
Non-current assets					
Property, plant and equipment	10	189,142	234,160	189,142	234,160
Investments in subsidiaries	11	–	–	106	46,545,766
Investment in an associated company	12	–	46,545,660	–	–
Other receivables	13	–	–	2,023,542	1,163,059
Available-for-sale financial assets	14	2,123,555	1,803,874	51,450	53,095
		2,312,697	48,583,694	2,264,240	47,996,080
Current assets					
Other current assets	15	124,781	592,565	124,781	1,441,893
Cash and cash equivalents	16	1,111,450	4,749,612	1,030,580	3,016,731
		1,236,231	5,342,177	1,155,361	4,458,624
Asset held for sale	17	15,600,000	–	15,600,000	–
		16,836,231	5,342,177	16,755,361	4,458,624
Total assets		19,148,928	53,925,871	19,019,601	52,454,704
Non-current liabilities					
Finance lease liabilities	18	107,748	135,718	107,748	135,718
Current liabilities					
Other payables	20	731,522	868,578	732,669	379,916
Tax payable		–	69,575	–	–
Finance lease liabilities	18	27,970	26,186	27,970	26,186
		759,492	964,339	760,639	406,102
Total liabilities		867,240	1,100,057	868,387	541,820
Net assets		18,281,688	52,825,814	18,151,214	51,912,884
Share capital and reserves					
Share capital	21	130,926,489	130,926,417	130,926,489	130,926,417
Capital reserves	22	1,265,204	1,168,564	1,875,167	1,732,522
Accumulated losses		(113,365,212)	(79,086,972)	(114,650,442)	(80,746,055)
Currency translation reserve	23	(544,793)	(182,195)	–	–
Total equity		18,281,688	52,825,814	18,151,214	51,912,884

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Share capital \$	Capital reserves \$	Accumulated losses \$	Currency translation reserve \$	Total equity \$
Group					
Balance at 1 January 2010	130,926,417	1,168,564	(79,086,972)	(182,195)	52,825,814
Loss for the year	–	–	(34,278,240)	–	(34,278,240)
Other comprehensive loss, net of tax					
- Fair value loss on available-for-sale financial assets (note 22b)	–	(47,650)	–	–	(47,650)
- Currency translation differences arising from consolidation (note 23)	–	–	–	(362,598)	(362,598)
Total comprehensive loss for the year	–	(47,650)	(34,278,240)	(362,598)	(34,688,488)
Share-based payment (note 22b)	–	144,290	–	–	144,290
Exercise of warrants	72	–	–	–	72
Balance at 31 December 2010	130,926,489	1,265,204	(113,365,212)	(544,793)	18,281,688
Balance at 1 January 2009	130,926,417	1,308,001	(76,934,005)	–	55,300,413
Loss for the year	–	–	(2,152,967)	–	(2,152,967)
Other comprehensive loss, net of tax					
- Fair value loss on available-for-sale financial assets (note 22b)	–	(165,501)	–	–	(165,501)
- Currency translation differences arising from consolidation (note 23)	–	–	–	(182,195)	(182,195)
Total comprehensive loss for the year	–	(165,501)	(2,152,967)	(182,195)	(2,500,663)
Share-based payment (note 22b)	–	26,064	–	–	26,064
Balance at 31 December 2009	130,926,417	1,168,564	(79,086,972)	(182,195)	52,825,814

STATEMENTS OF CHANGES IN EQUITY (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Share capital \$	Capital reserves \$	Accumulated losses \$	Total equity \$
Company				
Balance at 1 January 2010	130,926,417	1,732,522	(80,746,055)	51,912,884
Loss for the year	–	–	(33,904,387)	(33,904,387)
Other comprehensive loss, net of tax - Fair value loss on available-for-sale financial assets (note 22b)	–	(1,645)	–	(1,645)
Total comprehensive loss for the year	–	(1,645)	(33,904,387)	(33,906,032)
Share-based payment (note 22b)	–	144,290	–	144,290
Exercise of warrants	72	–	–	72
Balance at 31 December 2010	130,926,489	1,875,167	(114,650,442)	18,151,214
Balance at 1 January 2009	130,926,417	1,773,903	(76,957,531)	55,742,789
Loss for the year	–	–	(3,788,524)	(3,788,524)
Other comprehensive loss, net of tax - Fair value loss on available-for-sale financial assets (note 22b)	–	(67,445)	–	(67,445)
Total comprehensive loss for the year	–	(67,445)	(3,788,524)	(3,855,969)
Share-based payment (note 22b)	–	26,064	–	26,064
Balance at 31 December 2009	130,926,417	1,732,522	(80,746,055)	51,912,884

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	2010 \$	2009 \$
Cash flows from operating activities		
Loss before tax	(34,289,203)	(2,216,858)
Adjustments for:		
Allowance for doubtful receivables	350,000	–
Depreciation of property, plant and equipment	50,583	88,760
Share-based payment expense	144,290	26,064
Loss/(gain) on disposal of available-for-sale financial assets	8,558	(1,282,890)
Loss on disposal of property, plant and equipment	55	–
Interest expense	9,919	11,590
Interest income	(37,686)	(437,413)
Dividend income	(19,615)	(91,949)
Translation differences	106	(79,105)
Share of (profit)/loss of an associated company	(693,113)	777,983
Impairment loss on investment in an associated company	31,307,510	898,696
Operating cash flows before movements in working capital	(3,168,596)	(2,305,122)
Change in operating assets and liabilities		
Receivables	117,784	564,507
Payables	(137,056)	(161,420)
Cash used in operations	(3,187,868)	(1,902,035)
Income tax paid	(58,612)	(555)
Net cash used in operating activities	(3,246,480)	(1,902,590)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Note	2010 \$	2009 \$
Cash flows from investing activities			
Interest income received		37,686	399,435
Dividends received from quoted investments		19,615	91,949
Dividends received from an associated company		–	536,188
Proceeds from sale of available-for-sale financial assets		2,199,928	3,413,079
Proceeds from early redemption of non-convertible bonds		–	1,600,000
Purchase of property, plant and equipment		(5,620)	(452)
Purchase of available-for-sale financial assets		(2,575,817)	(2,486,306)
Net cash (used in)/generated from investing activities		(324,208)	3,553,893
Cash flows from financing activities			
Net proceeds from exercise of warrants		72	–
Interest paid		(9,919)	(11,590)
Repayment of finance lease liabilities		(26,186)	(24,515)
Net cash used in financing activities		(36,033)	(36,105)
Net changes in cash and cash equivalents		(3,606,721)	1,615,198
Cash and cash equivalents at beginning of financial year		4,749,612	3,055,309
Effects of exchange rate changes on cash and cash equivalents		(31,441)	79,105
Cash and cash equivalents at end of financial year	16	1,111,450	4,749,612

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

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

1 Corporation information

Firstlink Investments Corporation Limited (the “Company”) (Co. Reg. No. 197802562E) is incorporated and domiciled in Singapore and is listed on the Singapore Exchange. The registered office and principal place of business is located at One Phillip Street #08-01, Singapore 048692.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are described in note 11 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

2 Significant accounting policies

(a) Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company, expressed in Singapore Dollar, which is the Company’s functional currency, have been prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (“FRS”). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3 to the financial statements.

The carrying amounts of cash and cash equivalents, other current assets, payables and provisions approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2 Significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

In the current financial year, the Group has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year.

The adoption of these new/revised FRS has no material effect on the financial statements except for the adoption of the following new/revised FRS which are relevant to the Group:

*FRS 103 (revised) Business Combinations
(effective for annual periods beginning on or after 1 July 2009)*

The Group adopted the revised standard on 1 January 2010 and the revised accounting policy on business combinations which is disclosed in note 2 (b).

Changes in significant accounting policies resulting from the adoption of the revised FRS 103 are summarised as follows:

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

FRS 27 (revised) Consolidated and Separate Financial Statements

The Group adopted the revisions to FRS 27 on 1 January 2010. Changes in significant accounting policies resulting from the adoption of the revised FRS 27 include:

- A change in the ownership interest of a subsidiary that does not result in loss of control is accounted for as equity transactions. Such change will not have any impact on goodwill, nor will it give rise to a gain or loss recognised in profit or loss;
- Losses incurred by a subsidiary are allocated to the non-controlling interest even if the losses exceed the non-controlling interest in the subsidiary's equity; and
- When control over a subsidiary is lost, any interest retained is measured at fair value with the corresponding gain or loss recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2 Significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

As the changes have been implemented prospectively in accordance with the standard's transitional provisions, the adoption of the revised standard did not require any adjustments to any amounts previously recognised in the financial statements, and there were no impact on the financial statements for the current financial year.

At 31 December 2010, the following FRSs and INT FRSs were issued, revised or amended but not effective:

FRS 24	Related Party Disclosures
INT FRS 115	Agreements for the Construction of Real Estate
INT FRS 119	Extinguishing Financial Liabilities with Equity Instruments
Amendments to FRS 32	Classification of Rights Issues
Amendments to FRS 101	Limited Exemption from Comparative FRS 107 Disclosures for First-time Adopters
Amendments to INT FRS 114	Prepayments of a Minimum Funding Requirement
Improvements to FRSs 2010 project	

The Group anticipates that the adoption of these FRSs and INT FRSs (where applicable) in future periods will have no material impact on the financial statements of the Company and the consolidated financial statements of the Group.

(b) Basis of consolidation

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

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2 Significant accounting policies (cont'd)

(b) Basis of consolidation (cont'd)

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if the subsidiary incurred losses and the losses allocated exceed the non-controlling interests in the subsidiary's equity.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners).

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to accumulated profits if required by a specific FRS.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2 Significant accounting policies (cont'd)

(c) 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. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the Board of Directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control over another entity.

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(d) Associated companies

An associated company is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting.

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses is recognised in the profit or loss and its share of post-acquisition movements in reserves is recognised in equity directly. These post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the Group's profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2 Significant accounting policies (cont'd)

(d) Associated companies (cont'd)

Upon loss of significant influence over the associate, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the associate 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 financial statements, investments in associates are carried at cost less accumulated impairment loss. On disposal of investment in associates, the difference between the disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

(e) Property, plant and equipment

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

Depreciation is calculated on a straight line basis to allocate the depreciable amounts of property, plant and equipment over their estimated useful lives. The estimated useful lives are as follows:

	Years
Motor vehicles	8
Furniture, fittings and office equipment	3 - 5

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision of the residual values and useful lives are included in the profit or loss for the financial year in which the changes arise.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2 Significant accounting policies (cont'd)

(f) Club membership

Club membership is measured on initial recognition at cost. Following initial recognition, club membership is carried at cost less any accumulated impairment losses. The club membership is assessed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains or losses on disposal of club membership are taken to the profit or loss.

(g) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as asset held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held for sale.

(h) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2 Significant accounting policies (cont'd)

(i) Financial assets

Classification

The Group classifies its financial assets in the following categories: loans and receivables, and available-for-sale. The classification depends on the nature of the assets and purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are classified within “other receivables”, “loan to a subsidiary”, “other current assets” and “cash and cash equivalents” on the statement of financial position.

Financial assets, available-for-sale

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months after the reporting period.

Recognition and derecognition

Regular purchase and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is also transferred to profit or loss.

Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

Subsequent measurement

Financial assets, available-for-sale are subsequently carried at fair value. Available-for-sale investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost. Loans and receivables are carried at amortised cost using the effective interest method, less impairment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2 Significant accounting policies (cont'd)

(i) Financial assets (cont'd)

Subsequent measurement (cont'd)

Changes in the fair values of available for sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income, together with the related currency translation differences.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss.

Impairment

The Group assesses at the end of each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the assets become uncollectible, it is written off against the allowance account. Subsequent recoveries of amount previously written off are recognised against the same line item in profit or loss.

Impairment loss is reversed through the profit or loss if the impairment loss decrease can be related objectively to an event occurring after the impairment loss was recognised. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

Financial assets, available-for-sale

In the case of an equity security classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the security is impaired.

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that has been recognised directly in the fair value reserve is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

2 Significant accounting policies (cont'd)

(i) Financial assets (cont'd)

Impairment (cont'd)

Financial assets, available-for-sale (cont'd)

Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale financial assets are not reversed through profit or loss.

For available-for-sale financial assets carried at cost, the amount of impairment 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. The amount of impairment loss is recognised in profit or loss and such losses are not reversed in subsequent periods.

(j) Financial liabilities

Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the profit or loss when the liabilities are derecognised and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the profit or loss. Net gains or losses on derivatives include exchange differences.

(k) Revenue recognition

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

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period of maturity, when it is determined such income will accrue to the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2 Significant accounting policies (cont'd)

(l) Leases

Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in hire purchase payables. The finance cost is taken to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

(m) Employee benefits

Defined contribution plans

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 scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2 Significant accounting policies (cont'd)

(m) Employee benefits (cont'd)

Share-based compensation

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options granted on the date of the grant. This cost is recognised in profit or loss, with a corresponding increase in the share option reserve, over the vesting period. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each reporting date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued.

(n) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable or recoverable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2 Significant accounting policies (cont'd)

(n) Income taxes (cont'd)

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 currently enacted or substantively enacted tax rates at the reporting date.

Deferred income tax are charged or credited to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

(o) Functional and foreign currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements of the Group and the Company are presented in Singapore Dollar, which is the Company’s functional and presentation currency.

Transactions and balances

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the currency transaction reserve within equity in the consolidated financial statements. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Translation of Group entities’ financial statements

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing rates at the end of reporting date;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2 Significant accounting policies (cont'd)

(o) Functional and foreign currencies (cont'd)

Translation of Group entities' financial statements (cont'd)

(iii) All resulting exchange differences are recognised in the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

(p) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for decisions about allocating resources and assessing performance of the operating segments.

(q) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(r) Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deductible against share capital.

(s) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the end of reporting period, and are discounted to present value where the effect is material.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2 Significant accounting policies (cont'd)

(t) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decision. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

3 Significant accounting estimates and judgements

The preparation of financial statements in conformity with FRS requires management to exercise judgement in the process of applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Key sources of estimation uncertainty

Impairment loss on investments in subsidiaries and an associated company

The Group's investment in Qinghai Province Salt Industry Ltd ("QPSI") is held through its wholly owned subsidiary, Amtrosden Assets Limited. During the current financial year, the Group has the intention to dispose of its investment in QPSI. The Group and Company have made allowances for impairment loss amounting to \$31,307,510 and \$30,945,660 respectively based on the highest indicative offer received to-date.

The carrying amounts of investments in subsidiaries and an associated company at reporting date are disclosed in respective notes 11 and 12 to the financial statements.

Impairment of available-for-sale financial assets

The Group follows the guidance of FRS 39 in determining when an investment is other-than-temporary impaired. This determination requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its carrying amount; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

3 Significant accounting estimates and judgements (cont'd)

Key sources of estimation uncertainty (cont'd)

Impairment of available-for-sale financial assets (cont'd)

The directors are of the opinion that no allowance for impairment on available-for-sale financial assets as at reporting date is necessary.

The carrying amounts of the Group's and Company's available-for-sale financial assets at reporting date were \$2,123,555 and \$51,450 respectively.

Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment on a regular basis. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded in the profit or loss. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics.

During the current financial year, the Company has made an allowance for doubtful receivables of \$350,000.

The carrying amounts of loans and receivables of the Group's and Company's at reporting date are disclosed in notes 13 and 15.

Income taxes

Significant judgement is involved in determining the capital allowance and deductibility of certain expenses during the estimation of the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amount of the Group's income tax payable at 31 December 2010 was nil (2009: \$69,575).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

4 Other income

	Group	
	2010	2009
	\$	\$
Available-for-sale financial assets:		
- Gain from disposal	65,583	1,101,071
- Transfer from equity on disposal (note 22b)	(74,141)	181,819
Interest income from:		
- bank balances and deposits	23,746	34,762
- loan and receivables	13,940	84,838
- available-for-sale financial assets	–	317,813
Dividend income	19,615	91,949
Other (loss)/income	(55)	190
	48,688	1,812,442

5 Employee benefit expenses

	Group	
	2010	2009
	\$	\$
Wages and salaries	1,146,534	1,339,855
Employer's contribution to defined contribution plans including Central Provident Fund	55,448	57,480
Share options expense (notes 21 and 22b)	144,290	26,064
Contractual compensation paid to a former director	1,080,000	–
	2,426,272	1,423,399

6 Finance cost

Finance cost represents interest on finance lease liabilities during the financial year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

7 Loss before tax

Loss before tax is arrived at after charging/(crediting):

	Group	
	2010	2009
	\$	\$
Allowance for doubtful non-trade receivables	350,000	–
Depreciation of property, plant and equipment	50,583	88,760
Directors' fees	120,000	90,000
Fees paid to auditor of the Company for non-audit services	14,800	20,349
Loss on disposal of property, plant and equipment	55	–
Loss/(gain) on disposal of available-for-sale financial assets	8,558	(1,282,890)
Rental expense - operating leases	240,972	269,447
Net foreign exchange gain	(54,487)	(223,173)

8 Tax credit

	Group	
	2010	2009
	\$	\$
Current income tax		
- Current financial year - Singapore	–	69,575
- foreign	–	555
- Overprovision in prior year	(10,963)	–
	(10,963)	70,130
Deferred income tax (note 19)	–	(134,021)
	(10,963)	(63,891)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

8 Tax credit (cont'd)

The income tax credit on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax to loss before tax due to the following:

	Group	
	2010	2009
	\$	\$
Loss before tax	(34,289,203)	(2,216,858)
Tax calculated at a tax rate of 17%	(5,829,165)	(376,866)
Singapore statutory stepped income exemption	(680)	(25,925)
Income not subject to tax	(66,591)	(345,672)
Expenses not deductible for tax purposes	5,893,420	816,665
Deferred tax assets not recognised	3,016	1,928
Over provision in prior years:		
- Current income tax	(10,963)	–
- Deferred tax	–	(134,021)
	(10,963)	(63,891)

As at 31 December 2010, the subsidiaries have tax losses carried forward of approximately \$10,273,000 (2009: \$10,330,000) available for setting off against future taxable income subject to meeting certain statutory requirements by those subsidiaries in their respective countries of incorporation. Deferred tax benefits arising from tax losses carried forward have not been recognised in the financial statements as there is no reasonable certainty that future taxable profits will be available to utilise these tax losses.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

9 Loss per share

Basic loss per share is calculated by dividing the loss after tax attributable to members of the Company by the weighted average number of ordinary shares in issue during the financial year.

Diluted loss per share is calculated by dividing the loss after tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options and warrants.

Warrants are assumed to have been exercised at issuance and the maximum number of ordinary shares had been issued.

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration.

	Group	
	2010	2009
	\$	\$
Loss after tax attributable to members of the Company	(34,278,240)	(2,152,967)
	Number of ordinary shares used in the loss per share calculation	
Weighted average number of ordinary shares for basic and diluted loss per share calculation	492,311,574	492,311,411
Loss per share		
- Basic	(6.96) cents	(0.44) cents
- Diluted	(6.96) cents	(0.44) cents

Diluted loss per share is the same as basic loss per share as the potential ordinary shares were anti-dilutive and will decrease loss per share. Accordingly, the effects of anti-dilutive potential ordinary shares are disregarded in calculating diluted loss per share.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

10 Property, plant and equipment

	Motor vehicles	Furniture, fittings and office equipment	Total
	\$	\$	\$
Group and Company			
2010			
Cost			
At 1.1.2010	270,846	229,988	500,834
Additions	–	5,620	5,620
Disposals	–	(323)	(323)
	270,846	235,285	506,131
Accumulated depreciation			
At 1.1.2010	55,016	211,658	266,674
Depreciation charge	33,856	16,727	50,583
Disposals	–	(268)	(268)
	88,872	228,117	316,989
	181,974	7,168	189,142
2009			
Cost			
At 1.1.2009	270,846	229,536	500,382
Additions	–	452	452
	270,846	229,988	500,834
Accumulated depreciation			
At 1.1.2009	21,160	156,754	177,914
Depreciation charge	33,856	54,904	88,760
	55,016	211,658	266,674
	215,830	18,330	234,160

The carrying amount of motor vehicle held under finance lease as at 31 December 2010 is \$181,974 (2009: \$215,830).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

11 Investments in subsidiaries

	Company	
	2010	2009
	\$	\$
Unquoted equity investments, at cost		
At beginning of financial year	54,207,832	5,267,110
Acquisition	–	48,940,722
	54,207,832	54,207,832
Less:		
Impairment in value of investments in subsidiaries		
At beginning of financial year	(7,662,066)	(5,267,002)
Impairment loss during the year	(30,945,660)	(2,395,064)
	(38,607,726)	(7,662,066)
	15,600,106	46,545,766
Reclassified to asset held for sale (note 17)	(15,600,000)	–
	106	46,545,766

During the current financial year, the Group has the intention to dispose of its investment in QPSI, held through its subsidiary, Amtrosden Assets Limited. The Company has made an allowance for impairment loss of investments in subsidiaries amounting to \$30,945,660 based on the highest indicative offer received to-date. Accordingly, the carrying amount of \$15,600,000 was reclassified to asset held for sale at reporting date.

The subsidiaries which are directly or indirectly owned by the Company are as follows:

Name of subsidiaries and country of incorporation/place of business	Principal activities	Equity held by the Group	
		2010	2009
		%	%
Subsidiaries (Unquoted)			
Held by the Company			
Hinode (Singapore) Pte Ltd ⁽¹⁾ Singapore	Dormant	100.00	100.00
Glopeak Land Pte Ltd Singapore	Lease of office space	100.00	100.00

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

11 Investments in subsidiaries (cont'd)

Name of subsidiaries and country of incorporation/place of business	Principal activities	Equity held by the Group	
		2010 %	2009 %
Subsidiaries (Unquoted)			
Held by the Company			
Glopeak Properties & Hotels Pte Ltd ⁽¹⁾ Singapore	Dormant	100.00	100.00
Singatronics Investment Pte Ltd Singapore	Investment holding	100.00	100.00
Firstlink Energy Pte Ltd Singapore	Dormant	100.00	100.00
Solid Micron Materials Pte Ltd ⁽³⁾ Singapore	Under strike-off	52.63	52.63
Firstlink Capital Pte Ltd Singapore	Investment holding	100.00	100.00
Green Salt Distribution Pte Ltd ⁽¹⁾ Singapore	Dormant	100.00	100.00
Amtrosden Assets Limited ⁽²⁾ British Virgin Islands	Investment holding	100.00	100.00
Subsidiaries (Unquoted)			
Held by the subsidiaries			
Firstlink Investment Advisory Pte Ltd ⁽¹⁾ Singapore	Dormant	100.00	100.00

Notes:

All the entities in the Group are audited by Baker Tilly TFW LLP, Singapore, except as otherwise indicated:

- (1) Not required to be audited under Section 205B of the Singapore Companies Act.
- (2) Not required to be audited in the country of incorporation.
- (3) Not audited as the entity is in the process of being struck off.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

12 Investment in an associated company

	Group	
	2010 \$	2009 \$
<i>Unquoted equity shares at cost</i>		
At beginning of financial year/acquisition date	48,940,722	48,940,722
Less allowance for impairment	(32,206,206)	(898,696)
	16,734,516	48,042,026
Share of post-acquisition accumulated losses at beginning of financial year	(1,496,366)	–
Share of profit/(loss) for the year	693,113	(777,983)
Dividends received	–	(536,188)
Currency realignment	(331,263)	(182,195)
	15,600,000	46,545,660
Reclassified to asset held for sale (note 17)	(15,600,000)	–
	–	46,545,660

Details of the associated company are as follows:

Name of company	Country of incorporation	Effective equity interest		Principal activity
		2010 %	2009 %	
Held through Amtrosden Assets Limited				
Qinghai Province Salt Industry Ltd*	The People's Republic of China	27.82	27.82	Salt mining and distribution

* Crowe Horwath Certified Public Accountants Co., Ltd was appointed as the local statutory auditor.

As at the date of this report, the audited financial statements of Qinghai Province Salt Industry Ltd (“QPSI”) for financial year 2010 are not available.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

12 Investment in an associated company (cont'd)

Based on the unaudited management accounts for the year ended 31 December 2010, the summarised financial information of the Group's associated company which is not adjusted for the percentage of ownership interest held by the Group, is as follows:

	2010	2009
	\$	\$
Assets	158,754,496	144,392,498
Liabilities	105,421,518	92,436,207
Revenue	56,742,052	34,244,524
Net profit/(loss)	2,491,421	(2,796,488)

Movement in allowance for impairment is as follows:

	\$	\$
At beginning of financial year	898,696	–
Addition during the financial year	31,307,510	898,696
At end of financial year	32,206,206	898,696

During the current financial year, the Group has the intention to dispose of its investment in QPSI. The Group has made an allowance for impairment loss of \$31,307,510 based on the highest indicative offer received to-date. Accordingly, the carrying amount of \$15,600,000 was reclassified to asset held for sale at reporting date.

The directors had stated the investment in QPSI at 31 December 2009 at its fair value.

The fair value of QPSI was determined based on the value-in-use calculations. These calculations relied on cash flow projections provided by management of the entity covering a 24-year period. The key assumptions used in the value-in-use calculations are as follows:

	Salt products	Metallic sodium products
	%	%
2009		
Gross margin	55	60
Growth rate	0 - 3	0 - 3
Discount rate	12.32	12.32

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

13 Other receivables, non-current

	Company	
	2010	2009
	\$	\$
Due from subsidiaries (non-trade)	22,357,844	24,566,925
Less: Impairment of amounts due from subsidiaries	(20,334,302)	(23,403,866)
	2,023,542	1,163,059

Movements in allowance for impairment of amounts due from subsidiaries are as follows:

	\$	\$
At beginning of financial year	23,403,866	23,955,228
Impairment made during the financial year	–	12,246
Impairment written off during the financial year	(2,595,562)	–
Reversal of impairment during the financial year	(474,002)	(563,608)
At end of financial year	20,334,302	23,403,866

The amounts due from subsidiaries are unsecured and interest free and have no fixed terms of repayment and represent quasi-equity loans granted by the Company. As such, the amounts are stated at cost.

14 Available-for-sale financial assets

	Group		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
Quoted equity shares and warrants, at fair value	2,123,555	1,497,610	51,450	53,095
Unquoted equity shares, at cost	–	306,264	–	–
Balance at end of financial year	2,123,555	1,803,874	51,450	53,095

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

14 Available-for-sale financial assets (cont'd)

Available-for-sale financial assets are analysed as follows:

	Group		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
Listed equity securities and warrants ^(a) :				
- Equity securities - Singapore	1,980,860	1,394,290	-	-
- Equity warrants - Singapore	3,045	-	-	-
- Equity securities - Malaysia	139,650	103,320	51,450	53,095
	2,123,555	1,497,610	51,450	53,095
Unquoted equity security ^(b) :				
- Australia	-	306,264	-	-
	2,123,555	1,803,874	51,450	53,095

- (a) The fair values of the listed securities and warrants are based on the quoted closing market prices on the last day of the financial year.

Movement in quoted equity shares and warrants:

	Group		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
At beginning of financial year	1,497,610	1,613,258	53,095	120,540
Additions	2,575,817	2,180,042	-	-
Fair value (losses)/gains recognised in equity (note 22b)	(121,791)	16,318	(1,645)	(67,445)
Disposals	(1,902,222)	(2,130,189)	-	-
Reversal of fair value losses/(gains) on disposal (note 22b)	74,141	(181,819)	-	-
At end of financial year	2,123,555	1,497,610	51,450	53,095

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

14 Available-for-sale financial assets (cont'd)

- (b) Unquoted equity shares as at 31 December 2009 represented interest in a company in Australia denominated in Australian Dollar which was engaged in the discovery and development of high quality mineral deposits. The investment did not have a quoted market price in an active market and whose fair value cannot be reliably measurable. The directors were of the opinion that no allowance for impairment loss was necessary. As such, the investment was stated at cost.

During the financial year, the Company's interest in the investment was transferred to a former executive director of the Company at cost in part settlement of the contractual compensation due to him upon termination of his services.

15 Other current assets

	Group		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
Other receivables	1,290,703	940,870	1,290,703	940,870
Less: Allowance for doubtful receivables	(1,290,703)	(940,703)	(1,290,703)	(940,703)
	–	167	–	167
Club membership (note a)	53,000	53,000	53,000	53,000
Deposits	61,332	84,742	61,332	84,215
Prepayments	10,449	11,905	10,449	11,905
Staff loan	–	5,000	–	5,000
Due from subsidiaries	–	–	–	1,287,606
Loan to a third party (note b)	–	437,751	–	–
	124,781	592,565	124,781	1,441,893

- (a) Club membership is stated net of allowance for impairment of \$187,000 (2009: \$187,000).
- (b) The loan in 2009 to a third party was denominated in Singapore Dollar, had an effective interest rate of 12% per annum with due date falling on 11 June 2010. It was secured by a debenture over all the assets of the borrower.

During the financial year, the loan was assigned to a former executive director as part settlement of the contractual compensation due to him upon termination of his services.

NOTES TO THE FINANCIAL STATEMENTS
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16 Cash and cash equivalents

	Group		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
Cash in bank and on hand	424,314	2,079,392	343,444	346,511
Short-term deposits	687,136	2,670,220	687,136	2,670,220
	1,111,450	4,749,612	1,030,580	3,016,731

17 Asset held for sale

	Group and Company	
	2010	2009
	\$	\$
Investment in an associated company (note 12)	15,600,000	–

As disclosed in notes 11 and 12, in view of the Group's intention to dispose of its investment in the associated company, QPSI, this investment was reclassified to asset held for sale at 31 December 2010. Under FRS 105, the asset held for sale should be measured at the lower of its carrying amount and fair value less costs to sell. The carrying value is determined by the management based on the highest indicative offer received to-date.

18 Finance lease liabilities

	Group and Company	
	2010	2009
	\$	\$
Minimum lease payments due:		
- not later than 1 year	36,105	36,105
- later than 1 year but not later than 5 years	120,350	156,455
	156,455	192,560
Less: Future finance charges	(20,737)	(30,656)
Present value of finance lease liabilities	135,718	161,904
Not later than 1 year	27,970	26,186
Later than 1 year but not later than 5 years	107,748	135,718
	135,718	161,904

**NOTES TO THE FINANCIAL STATEMENTS
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18 Finance lease liabilities (cont'd)

The finance lease bears an effective rate of interest 6.61% (2009: 6.61%) per annum.

The fair values of the Group's and Company's finance lease liabilities approximate their carrying amounts.

19 Deferred tax liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

	Group	
	2010	2009
	\$	\$
At beginning of financial year	–	134,021
Written back during the year (note 8)	–	(134,021)
At end of financial year	–	–

20 Other payables

	Group		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
Other payables	233,188	132,231	233,188	127,737
Accrued operating expenses	498,334	736,347	184,122	252,179
Due to a subsidiary	–	–	315,359	–
	731,522	868,578	732,669	379,916

**NOTES TO THE FINANCIAL STATEMENTS
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21 Share capital

	Group and Company	
	Number of ordinary shares issued	Amount \$
2010		
At beginning of financial year	492,311,441	130,926,417
Exercise of warrants	400	72
	492,311,841	130,926,489
2009		
At beginning and end of financial year	492,311,441	130,926,417

During the financial year, 400 ordinary shares were issued upon the exercise of warrants at the exercise price of \$0.18 each.

Share options

The Firstlink Investments Corporation Limited (2001) Share Option Scheme (the “2001 Scheme”) of the Company was approved by shareholders at an Extraordinary General Meeting held on 17 May 2001.

As at 31 December 2010, the total number of options granted under the 2001 Scheme which remained outstanding was 43,246,702 (2009: 37,626,702). These options have exercise prices of \$0.0691, \$0.07, \$0.072 and \$0.3101. The dates of expiry of these options are between 9 April 2011 and 29 April 2020, respectively.

Duration and size of scheme

The 2001 Scheme shall be in force for a maximum period of 10 years from 17 May 2001. The aggregate number of shares in respect of options that may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under the 2001 Scheme, shall not exceed 15% of the issued share capital of the Company on the day immediately preceding the date of grant of the options.

Eligibility of participant

Group employees and non-executive directors are eligible to participate in the 2001 Scheme.

No controlling shareholders and their associates shall be eligible to participate in the 2001 Scheme. Pursuant to the terms under the 2001 Scheme, a controlling shareholder is a person who exercises control over the Company and is defined as a person who controls directly or indirectly a shareholding of 15% or more of the Company’s issued share capital.

**NOTES TO THE FINANCIAL STATEMENTS
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21 Share capital (cont'd)

Subscription price of options

Pursuant to the terms of the 2001 Scheme, there are two types of options namely “Discounted Options” and “Non-discounted Options”. For Discounted Options, the maximum discount shall be 20% of the average of the last dealt prices per share of the Company on the Singapore Exchange for a period of five consecutive market days (“Market Price”) immediately prior to the relevant date of grant of options. For Non-discounted Options, the exercise price shall be equal to the Market Price as at the date of grant of options.

Exercise of options

The vesting period for share options granted at a discount is two years while for share options granted at no discount, the vesting period is one year. Once the options are vested, they are exercisable for a contractual term of 4 years and 9 years for non-executive directors and Group employees respectively. The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price.

Outstanding options

On 30 April 2010, options to subscribe 5,820,000 ordinary shares of the Company at an exercise price of \$0.072 per ordinary share with no discount were granted pursuant to the 2001 Scheme. These options are exercisable from 30 April 2011. They expire on 29 April 2015 for non-executive director and 29 April 2020 for employee.

Movements in the number of ordinary shares outstanding under the options at the end of the financial year and their exercise price are as follows:

Date of grant	No. of ordinary shares under options granted	Balance at 1.1.2010 or date of grant	Cancelled/ rejected/ lapsed	Balance at 31.12.2010	Original exercise price per share \$	Adjusted exercise price per share* \$	Date of expiry
24.11.2003	8,170,000	237,983	–	237,983	0.314	0.3101	23.11.2013
10.04.2006	8,500,000	4,050,800	–	4,050,800	0.07	0.0691	09.04.2011
10.04.2006	35,630,000	29,337,919	–	29,337,919	0.07	0.0691	09.04.2016
26.03.2008	4,000,000	4,000,000	–	4,000,000	0.07	– #	25.03.2013
30.04.2010	4,000,000	4,000,000	–	4,000,000	0.072	– #	29.04.2015
30.04.2010	1,820,000	1,820,000	(200,000)	1,620,000	0.072	– #	29.04.2020
	62,120,000	43,446,702	(200,000)	43,246,702			

* Adjusted for the effect of rights issue during the financial year ended 31 December 2007.

Not applicable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

21 Share capital (cont'd)

Fair value of share options

The fair value of options granted is determined using the Trinomial valuation model, taking into account the terms and conditions upon which the options were granted. Share option expense amounting to \$144,290 (2009: \$26,064) was charged to the profit or loss during the financial year (note 22b). The significant inputs to the model were:

- (i) Option life of the outstanding options
- (ii) Vesting period of one year from date of grant of the option
- (iii) Expected volatility of 84.33%
- (iv) Risk-free interest rate of 1.084% and 1.197%
- (v) Forfeiture rate representing the percentage of options which is expected to be forfeited due to the grantee leaving the Company in a year

22 Capital reserves

	Group		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
(a) Composition:				
Share option reserve	1,209,263	1,064,973	1,209,263	1,064,973
Fair value reserve	(705,068)	(657,418)	(95,105)	(93,460)
Warrant reserve	761,009	761,009	761,009	761,009
	1,265,204	1,168,564	1,875,167	1,732,522
(b) Movements:				
<i>Share option reserve</i>				
At beginning of financial year	1,064,973	1,038,909	1,064,973	1,038,909
Value of employee services (notes 5 and 21)	144,290	26,064	144,290	26,064
At end of financial year	1,209,263	1,064,973	1,209,263	1,064,973
<i>Fair value reserve</i>				
At beginning of financial year	(657,418)	(491,917)	(93,460)	(26,015)
Fair value gains/(losses) (note 14)	(121,791)	16,318	(1,645)	(67,445)
Reversal of fair value losses/(gains) on disposals (notes 4 and 14)	74,141	(181,819)	–	–
At end of financial year	(705,068)	(657,418)	(95,105)	(93,460)
<i>Warrant reserve</i>				
At beginning and end of financial year	761,009	761,009	761,009	761,009

**NOTES TO THE FINANCIAL STATEMENTS
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22 Capital reserves (cont'd)

At 31 December 2010, 81,142,700 (2009: 81,142,700) Warrants 06/07 and 8,203,831 (2009: 8,204,231) Warrants 12/07 were outstanding.

23 Currency translation reserve

	Group	
	2010	2009
	\$	\$
At beginning of financial year	(182,195)	–
Net translation adjustments	(362,598)	(182,195)
At end of financial year	(544,793)	(182,195)

Currency translation reserve is non-distributable.

24 Commitments

Operating lease commitments - where a group company is a lessee.

The Group leases office space from a non-related party under a non-cancellable operating lease agreement. The lease has varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under the non-cancellable operating lease contracted for, are as follows:

	Group	
	2010	2009
	\$	\$
Not later than 1 year	196,086	224,969
Later than 1 year but not later than 5 years	240,651	436,737
	436,737	661,706

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

25 Financial instruments

Categories of financial instruments

Financial instruments at the reporting date are as follows:

	Group		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
<i>Financial assets</i>				
Loans and receivables	1,172,782	5,277,272	3,115,454	5,556,778
Available-for-sale	2,123,555	1,803,874	51,450	53,095
Asset held for sale	15,600,000	–	15,600,000	–
	18,896,337	7,081,146	18,766,904	5,609,873
<i>Financial liabilities</i>				
Financial liabilities at amortised cost	469,866	541,163	770,233	377,236

Financial risk management

The Group is exposed to market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise potential adverse effects on the Group's financial performance. There has been no change to the Group's exposure to these financial risks or in which it manages and measures financial risk.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Board of Directors also reviews and agrees policies for managing the abovementioned risks which are summarised below.

(a) Market risk

Currency risk

The Group operates internationally and is exposed to currency risk arising from various currency exposures primarily with respect to United States Dollar, Australian Dollar, New Zealand Dollar, Malaysia Ringgit, Hong Kong Dollar and Renminbi.

The Group has an investment in a foreign subsidiary whose net assets are exposed to currency translation risk. Net assets of the Group's overseas subsidiary are translated at exchange rates prevailing at reporting date for consolidation purpose.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

25 Financial instruments (cont'd)

Financial risk management (cont'd)

(a) Market risk (cont'd)

Currency risk (cont'd)

The Group's and Company's exposures to currency risk are as follows:

	United States Dollar \$	Australian Dollar \$	New Zealand Dollar \$	Malaysia Ringgit \$	Hong Kong Dollar \$	Renminbi \$	Total \$
2010							
Group							
Cash and cash equivalents	–	256,315	430,821	–	–	718	687,854
Available-for-sale financial assets	–	–	–	139,650	–	–	139,650
Asset held for sale	–	–	–	–	–	15,600,000	15,600,000
Other payables	(350,060)	–	–	–	(3,737)	(25,300)	(379,097)
Net financial assets/(liabilities)	(350,060)	256,315	430,821	139,650	(3,737)	15,575,418	16,048,407
Company							
Cash and cash equivalents	–	256,315	430,821	–	–	718	687,854
Available-for-sale financial assets	–	–	–	51,450	–	–	51,450
Asset held for sale	–	–	–	–	–	15,600,000	15,600,000
Other payables	(50,840)	–	–	–	(3,737)	(25,300)	(79,877)
Amount due to a subsidiary	–	–	–	–	(315,359)	–	(315,359)
Net financial assets/(liabilities)	(50,840)	256,315	430,821	51,450	(319,096)	15,575,418	15,944,068

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

25 Financial instruments (cont'd)

Financial risk management (cont'd)

(a) *Market risk (cont'd)*

Currency risk (cont'd)

	United States Dollar \$	Australian Dollar \$	New Zealand Dollar \$	Malaysia Ringgit \$	Hong Kong Dollar \$	Total \$
2009						
Group						
Cash and cash equivalents	–	236,450	432,189	184	–	668,823
Available-for-sale financial assets	–	306,264	–	103,320	–	409,584
Other payables	(324,735)	–	–	–	(20,000)	(344,735)
Net financial assets/(liabilities)	(324,735)	542,714	432,189	103,504	(20,000)	733,672
Company						
Cash and cash equivalents	–	236,450	432,189	184	–	668,823
Available-for-sale financial assets	–	–	–	53,095	–	53,095
Other payables	–	–	–	–	(20,000)	(20,000)
Net financial assets/(liabilities)	–	236,450	432,189	53,279	(20,000)	701,918

Sensitivity analysis

If the Singapore Dollar strengthens by 10% against the following currencies at the reporting date, profit or loss will increase/(decrease) by the amounts shown below. This analysis assumes that all other variables will remain constant.

	Group Loss after tax \$	Company Loss after tax \$
31 December 2010		
United States Dollar	(29,055)	(4,220)
Australian Dollar	21,274	21,274
New Zealand Dollar	35,758	35,758
Hong Kong Dollar	(310)	(26,485)
Renminbi	1,292,760	1,292,760

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

25 Financial instruments (cont'd)

Financial risk management (cont'd)

(a) Market risk (cont'd)

Currency risk (cont'd)

Sensitivity analysis (cont'd)

	Group Loss after tax \$	Company Loss after tax \$
31 December 2009		
United States Dollar	(26,953)	–
Australian Dollar	19,625	19,625
New Zealand Dollar	35,872	35,872
Malaysia Ringgit	15	15
Hong Kong Dollar	(1,660)	(1,660)

If the Singapore Dollar weakens against the above currencies, it will have an equal but opposite effect on the above currencies to the amounts shown above, assuming all other variables remains constant.

Price risk

The Group is exposed to equity securities price risk because of the investments held by the Group which are classified on the statement of financial position as available-for-sale financial assets. These securities are listed in Singapore and Malaysia.

A 10% increase/decrease in the underlying equity prices at the reporting date would increase/decrease equity by the following amounts assuming all other variables remain constant:

	Group		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
Equity - capital reserve	212,355	149,761	5,145	5,310

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

25 Financial instruments (cont'd)

Financial risk management (cont'd)

(a) Market risk (cont'd)

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to its surplus funds placed with banks. Surplus funds are placed with banks with short-term maturities so as to provide the Group with the flexibility to meet working capital and investment needs.

The Group's borrowings are in fixed rate instruments and are therefore not subject to cash flow interest rate risks.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers with appropriate credit history and reviewing their credit limits on a regular basis. For other financial assets, the Group adopts the policy of dealing only with creditworthy counterparties and obtaining sufficient security where appropriate to mitigate credit risk.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for losses, represent the Group's maximum exposure to credit risk without taking into account of the value of any collateral obtained.

(c) Liquidity risk

The Group manages its liquidity risk by maintaining sufficient cash and marketable securities to enable the Group to support its normal operations.

The table below sets out the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted cash flows.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

25 Financial instruments (cont'd)

Financial risk management (cont'd)

(c) Liquidity risk (cont'd)

	Weighted Average Effective Interest rate	Less than 1 year \$	Between 1 and 5 years \$	Total \$
Group				
At 31 December 2010				
Other payables (note 20)	–	731,522	–	731,522
Finance lease liabilities (note 18)	6.61%	36,105	120,350	156,455
		767,627	120,350	887,977
At 31 December 2009				
Other payables (note 20)	–	868,578	–	868,578
Finance lease liabilities (note 18)	6.61%	36,105	156,455	192,560
		904,683	156,455	1,061,138
Company				
At 31 December 2010				
Other payables (note 20)	–	732,669	–	732,669
Finance lease liabilities (note 18)	6.61%	36,105	120,350	156,455
		768,774	120,350	889,124
At 31 December 2009				
Other payables (note 20)	–	379,916	–	379,916
Finance lease liabilities (note 18)	6.61%	36,105	156,455	192,560
		416,021	156,455	572,476

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

26 Fair value of financial instruments

(a) *Fair value of financial instruments that are carried at fair value*

The following table presents the level of fair value hierarchy for each class of financial instruments measured at fair value on the statement of financial position at 31 December 2010.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2010				
Group				
Assets				
Available-for-sale financial assets				
- Quoted equity investments	2,123,555	–	–	2,123,555
Asset held for sale	–	–	15,600,000	15,600,000
	2,123,555	–	15,600,000	17,723,555
Company				
Assets				
Available-for-sale financial assets				
- Quoted equity investments	51,450	–	–	51,450
Asset held for sale	–	–	15,600,000	15,600,000
	51,450	–	15,600,000	15,651,450
2009				
Group				
Assets				
Available-for-sale financial assets				
- Quoted equity investments	1,497,610	–	–	1,497,610
Investment in an associated company	–	–	46,545,660	46,545,660
	1,497,610	–	46,545,660	48,043,270
Company				
Assets				
Available-for-sale financial assets				
- Quoted equity investments	53,095	–	–	53,095

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

26 Fair value of financial instruments (cont'd)

(a) Fair value of financial instruments that are carried at fair value (cont'd)

Fair value hierarchy

The Group and the Company classify 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:

- i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- ii) Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- iii) Level 3 - Inputs for the asset that are not based on observable market data (unobservable inputs)

Determination of fair values

Quoted equity instruments (note 14a): Fair value is determined directly by references to their published market bid prices at the reporting date.

(b) Fair value of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximate of fair values

The carrying amounts of current loans and receivables and financial liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

(c) Fair value of financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximate of fair values

Due from subsidiaries carried at cost of \$2,023,542 (2009: \$1,163,059) (note 13)

At 31 December in 2009, investment in equity instruments carried at cost of \$306,264 (note 14)

Fair value information has not been disclosed for the Company's investments in equity instruments that are carried at cost because fair value cannot be measured reliably. These equity instruments represent ordinary shares in an Australian Company which is engaged in the discovery and development of high quality mineral deposits that are not quoted on any market and do not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

27 Capital management

Capital risk

The primary objective of the Group's capital management is to ensure the ability of the Group to continue as a going concern and maximise shareholder value through the optimisation of the capital structure.

In the process of maintaining or achieving an optimal capital structure, the Group may issue new shares, return capital to shareholders, adjust the dividend payment to shareholders, obtain new borrowings or sell assets to reduce borrowings.

Adjusted capital comprises all components of equity, i.e. share capital, retained earnings and reserves.

There were no changes to the Group's strategy to capital management during the financial year.

28 Related party transactions

Other than as disclosed in other notes to the financial statements, the following transactions took place between the Group and related parties during the financial year:

(a) Key management remuneration

The key management remuneration includes fees, salary, bonus, commission, performance fee and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Group and the Company, and where the Group or Company did not incur any costs, the value of the benefit. The key management remuneration is as follows:

	Group	
	2010	2009
	\$	\$
Key management of the Group:		
<i>Directors of the Company</i>		
Salaries and other short-term employee benefits	904,517	1,040,000
Employer's contribution to defined contribution plans, including Central Provident Fund	22,393	22,196
Directors' fees	120,000	90,000
Share options expense	102,158	34,714
Performance fee payable to a director	5,967	77,608
Contractual compensation paid to a former director	1,080,000	–
	2,235,035	1,264,518

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

28 Related party transactions (cont'd)

(b) Related party transactions

- i) The following transactions took place between the Company and its subsidiary during the financial year on terms agreed by the parties concerned:

	2010	2009
	\$	\$
Lease rental	240,972	256,307

- ii) In part settlement of the contractual compensation due to a former director of \$1,080,000, the following took place:

	2010	2009
	\$	\$
Transfer of interest in available-for-sale financial assets to a former director of the Company	306,264	–
Assignment of loan to a former director of the Company	451,690	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

29 Segment information

(a) Primary reporting format - business segments

	Investment holding and others Group	
	2010	2009
	\$	\$
Sales - external sales	–	–
Loss before tax	(34,289,203)	(2,216,858)
Tax credit	10,963	63,891
Loss after tax	(34,278,240)	(2,152,967)
Segment assets	3,548,928	7,380,211
Investment in an associated company	–	46,545,660
Asset held for sale	15,600,000	–
	19,148,928	53,925,871
Segment liabilities	867,240	1,030,482
Unallocated liabilities	–	69,575
	867,240	1,100,057
Other segment items		
Capital expenditure - property, plant and equipment	5,620	452
Depreciation of property, plant and equipment	50,583	88,760
Interest income	37,686	437,413
Interest expense	9,919	11,590
Share of profit/(loss) of an associated company	693,113	(777,983)
Impairment loss of an associated company	31,307,510	898,696
Allowance for doubtful receivables	350,000	–

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

29 Segment information (cont'd)

(b) Secondary reporting format - geographical segments

Sales revenue is based on the countries in which the customers are located. Total assets and capital expenditure are shown by the geographical area in which the assets are located.

No sales revenue was generated in the current and previous financial year.

	Total assets	
	2010	2009
	\$	\$
Singapore	3,409,278	6,970,627
Malaysia	139,650	103,320
Australia and New Zealand	–	306,264
China	15,600,000	46,545,660
	19,148,928	53,925,871

	Total capital expenditure	
	2010	2009
	\$	\$
Singapore	5,620	452

30 Subsequent events

On 21 February 2011, SGX informed the Company that they were unable to grant a further time extension for the Company to meet the requirements in Listing Rule 1314 and that the Company would be delisted. The Company is currently considering options that will comply with the requirement of Listing Rule 1309 to provide an exit alternative to the Company's shareholders.

Trading in the Company's securities continued until 5pm, 31 March 2011 and the trading will be suspended from 1 April 2011 until the completion of any cash exit offer.

31 Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial positions and statement of changes in equity of the Company for the financial year ended 31 December 2010 were authorised for issue in accordance with a resolution of the directors on 1 April 2011.

STATUS ON THE USE OF PROCEEDS FROM ISSUE OF SHARES AND WARRANTS

	\$'000
Rights Issue in 2007	
Gross proceeds	6,564
Less : Rights issue expenses	(241)
Net proceeds	6,323
Utilisation in 2008	
Group's investment in quoted equity securities	(848)
Subscription of non-convertible bonds	(1,600)
Advancement of loan	(400)
Working capital of the Group	(1,193)
Utilisation in 2009	
Group's investment in quoted equity securities	(1,050)
Group's investment in unquoted equity securities	(306)
Utilisation in 2010	
Group's investment in quoted equity securities	(926)
Balance unutilised at 31 December 2010	-

NON-COMPLIANCE OF RULE 716

The Company has not complied with Rule 716 of the SGX-ST Listing Manual. Rule 716 states that an issuer may appoint different auditors for its subsidiaries or significant associated companies (referred to in Rule 715(1)) provided that:

- (1) the issuer's board and audit committee are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the issuer; or
- (2) the issuer's subsidiary or associated company, is listed on a stock exchange.

The Board and Audit Committee of the Company are not satisfied with the decision of the Group's associated company, Qinghai Province Salt Industry Ltd ("QPSI") of appointing Crowe Horwath Certified Public Accountants Co., Ltd as their auditor as the Board and Audit Committee are unable to satisfy themselves that the appointment would not compromise the standard and effectiveness of the Group audit.

During the financial year ended 31 December 2010, the Company had written to QPSI expressing its desire to comply with Rule 716 but the proposal was not considered by QPSI. The Company will continue with its efforts to seek QPSI cooperation and agreement to the Company's desire to comply with Rule 716.

STATISTICS OF SHAREHOLDINGS

as at 15 March 2011

No. of issued shares	-	492,311,841 ordinary shares
Voting rights	-	One vote per share

Distribution of Shareholdings

Size of shareholdings	No. of shareholders	% of shareholders	No. of shares	% of shares
1 - 999	104	1.21	28,353	0.01
1,000 - 10,000	5,595	65.24	23,745,213	4.82
10,001 - 1,000,000	2,827	32.97	200,259,142	40.68
1,000,001 and above	50	0.58	268,279,133	54.49
Total	8,576	100.00	492,311,841	100.00

Shareholdings held by the public

Based on information available to the Company as at 15 March 2011, approximately 93.46% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the SGX-ST Listing Manual has been complied with.

The Company does not hold any treasury shares.

Substantial Shareholders

	No. of shares		Total no. of shares	% of shares
	Direct interest	Deemed interest		
Alphasky Group Ltd ⁽¹⁾	32,201,800	-	32,201,800	6.54
Ling Yew Kong ⁽²⁾	-	32,201,800	32,201,800	6.54
Ling Ewe Chong ⁽³⁾	-	32,201,800	32,201,800	6.54

(1) Alphasky Group Ltd's shares are held through DBS Vickers Securities (Singapore) Pte Ltd.

(2) Ling Yew Kong is deemed to be interested in 32,201,800 shares held by Alphasky Group Ltd through DBS Vickers Securities (Singapore) Pte Ltd by virtue of Section 7 of the Companies Act, Cap. 50.

(3) Ling Ewe Chong is deemed to be interested in 32,201,800 shares held by Alphasky Group Ltd through DBS Vickers Securities (Singapore) Pte Ltd by virtue of Section 7 of the Companies Act, Cap. 50.

STATISTICS OF SHAREHOLDINGS

as at 15 March 2011

Twenty Largest Shareholders

No.	Name	No. of shares	% of shares
1	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	58,841,800	11.95
2	HSBC (SINGAPORE) NOMINEES PTE LTD	20,734,000	4.21
3	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	19,663,040	3.99
4	OCBC SECURITIES PRIVATE LTD	16,349,540	3.32
5	PHILLIP SECURITIES PTE LTD	12,107,887	2.46
6	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	12,000,000	2.44
7	DBS NOMINEES PTE LTD	11,780,866	2.39
8	LEE SUI HEE	10,872,000	2.21
9	KIM ENG SECURITIES PTE. LTD.	9,370,600	1.90
10	HENG TIN MENG	8,000,000	1.62
11	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	5,907,000	1.20
12	LIM HAK NGUANG	5,000,000	1.02
13	HOO LEN YUH	4,382,600	0.89
14	BETTY LAM CHEE LIN	4,330,000	0.88
15	TAN THIAM HIN	4,200,000	0.85
16	CHEN LIPING	3,506,000	0.71
17	SONG FEIFEI	3,400,000	0.69
18	TIONG SIA YIEW	3,180,000	0.65
19	LALCHAND JETHANAND DARYANANI	2,998,000	0.61
20	TAM KWOK WING	2,830,000	0.57
	TOTAL	219,453,333	44.56

STATISTICS OF WARRANTHOLDINGS

as at 15 March 2011

Distribution of Warrantholdings (Warrants 06/07)

Size of warrantholdings	No. of warrantholders	% of warrantholders	No. of warrants	% of warrants
1 - 999	22	11.89	7,672	0.01
1,000 - 10,000	1	0.54	1,000	0.00
10,001 - 1,000,000	150	81.08	23,803,748	29.34
1,000,001 and above	12	6.49	57,330,280	70.65
Total	185	100	81,142,700	100.00

Twenty Largest Warrantholders (Warrants 06/07)

No.	Name	No. of warrants	% of warrants
1	SONG FEIFEI	20,825,334	25.67
2	SOON KEE HOOI	8,565,620	10.56
3	LIM HAK NGUANG	6,444,620	7.94
4	KIM ENG SECURITIES PTE. LTD.	6,137,850	7.56
5	LEE SUI HEE	4,000,000	4.93
6	BETTY LAM CHEE LIN	3,206,970	3.95
7	POH CHEE KIONG	1,601,930	1.97
8	YANG CHING CHAO	1,431,590	1.76
9	LOO EAN CHOO	1,404,200	1.73
10	CHUA SAN CHONG	1,301,800	1.60
11	NEO CHENG LIM OR NEO LAY KIN	1,285,000	1.58
12	NG CHEW BOH	1,125,366	1.39
13	OCBC SECURITIES PRIVATE LIMITED	974,100	1.20
14	LOW HOCK CHEN @ LOW HOCK CHEH	802,400	0.99
15	MUN HON PHENG	802,400	0.99
16	SEAH SEOW CHER	801,500	0.99
17	LEE THIAM HOCK THOMAS	799,022	0.98
18	NG WENG CHEW	684,000	0.84
19	TJIA HENG HUAT	645,585	0.80
20	POH KIM TONG	501,500	0.62
21	SEAH KEE KHOO	501,500	0.62
22	TAM SIEW FOONG	501,500	0.62
	TOTAL	64,343,787	79.29

STATISTICS OF WARRANTHOLDINGS

as at 15 March 2011

Distribution of Warrantholdings (Warrants 12/07)

Size of warrantholdings	No. of warrantholders	% of warrantholders	No. of warrants	% of warrants
1 - 999	943	48.56	297,842	3.63
1,000 - 10,000	914	47.06	2,504,082	30.52
10,001 - 1,000,000	85	4.38	5,401,907	65.85
1,000,001 and above	0	0.00	0	0.00
Total	1,942	100.00	8,203,831	100.00

Twenty Largest Warrantholders (Warrants 12/07)

No.	Name	No. of warrants	% of warrants
1	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	988,400	12.05
2	HENG TIN MENG	797,200	9.72
3	KIM ENG SECURITIES PTE. LTD.	333,160	4.06
4	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	227,080	2.77
5	OCBC SECURITIES PRIVATE LTD	225,560	2.75
6	KWAN CHEE SENG	220,000	2.68
7	LEE FOOK WAH FRANCIS	182,100	2.22
8	DBS NOMINEES PTE LTD	123,736	1.51
9	LOW SIEW HIOK	111,000	1.35
10	LIM WAH LIN	101,860	1.24
11	LEE CHEE HONG (LI ZHIHONG)	101,000	1.23
12	NGIAU AH KONG	100,000	1.22
13	YIN XIANGBIN	100,000	1.22
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	93,320	1.14
15	PHILLIP SECURITIES PTE LTD	77,351	0.94
16	HO WENG YEW	74,300	0.91
17	WAN CHU WONG	69,000	0.84
18	QUEK AH MUAY	60,000	0.73
19	TAN SIEW KIM	60,000	0.73
20	WILLIAM OH BOON LEONG	51,000	0.62
	TOTAL	4,096,067	49.93

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Second Annual General Meeting of the Company will be held at The Guild, NUSS Suntec City Guild House, 3 Temasek Boulevard #05-001 Suntec City Mall, Singapore 038983 on Thursday, 28 April 2011 at 2.00 pm, to transact the following business:

AS ROUTINE BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements of the Company for the financial year ended 31 December 2010 and the Auditor's Report thereon. **(Resolution 1)**
2. To re-elect Mr Er Kwong Wah, a Director retiring by rotation pursuant to Article 99 of the Articles of Association of the Company. [see Explanatory Note 1] **(Resolution 2)**
3. To approve the payment of Directors' fees of S\$120,000 for the financial year ending 31 December 2011 to be paid quarterly in arrears (2010: S\$120,000). **(Resolution 3)**
4. To re-appoint Messrs Baker Tilly TFW LLP as Auditor of the Company and to authorise the Directors to fix the remuneration. **(Resolution 4)**
5. To transact any other routine business that may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

6. "That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") and notwithstanding the provisions of the Articles of Association of the Company, authority be and is hereby given to the Directors of the Company to:
 - a. (i) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or
 - (ii) make or grant offers, agreements or options (collectively, "Instruments") that may or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) 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 may in their absolute discretion deem fit; and
- b. (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company with registered addresses in Singapore (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below);
- (ii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued shares excluding treasury shares of the Company shall be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of this Resolution, after adjusting for:
 - (1) new shares arising from the conversion or exercise of any convertible securities;
 - (2) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
 - (3) any subsequent bonus issue, consolidation or subdivision of shares;
- (iii) 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 for the time being of the Company; and
- (iv) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution 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 the earlier.”

[see Explanatory Note 2]

(Resolution 5)

7. “That subject to and pursuant to the share issue mandate in Resolution 5 above being obtained, authority be and is hereby given to the Directors of the Company to issue new shares other than on a pro-rata basis to shareholders of the Company at an issue price per new share which shall be determined by the Directors in their absolute discretion provided that such price shall not represent a discount of more than twenty per cent. (20%) to the weighted average price per share determined in accordance with the requirements of the SGX-ST.” [see Explanatory Note 3]

(Resolution 6)

NOTICE OF ANNUAL GENERAL MEETING

8. “That the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the provisions of the Firstlink Investments Corporation Limited (2001) Share Option Scheme (the “Scheme”) and pursuant to Section 161 of the Companies Act, Cap. 50, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Scheme provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed fifteen per cent. (15%) of the total number of issued shares excluding treasury shares of the Company from time to time.”

[see Explanatory Note 4]

(Resolution 7)

By Order of the Board

Abdul Jabbar Bin Karam Din
Company Secretary

Singapore, 11 April 2011

NOTES

1. Save as provided in the Articles of Association, a Member entitled to attend and vote at the Annual General 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 and where there are two proxies, the number of shares to be represented by each proxy must be stated.
2. The instrument or form appointing a proxy, duly executed, must be deposited at the Company’s registered office at One Phillip Street #08-01 Singapore 048692, not less than 48 hours before the time appointed for holding the above Annual General Meeting.

EXPLANATORY NOTES

1. **Resolution 2** – Mr Er Kwong Wah, upon re-election as a Director of the Company, will remain as the Chairman of the Audit Committee and Remuneration Committee and as a member of the Nominating Committee. Mr Er Kwong Wah is an Independent Non-Executive Director.

NOTICE OF ANNUAL GENERAL MEETING

2. **Resolution 5** is to empower the Directors to issue shares in the capital of the Company and/or Instruments (as defined above). The aggregate number of shares to be issued pursuant to Resolution 5 (including shares to be issued in pursuance of Instruments made or granted) shall not exceed fifty per cent. (50%) of the total number of issued shares excluding treasury shares of the Company, with a sub-limit of twenty per cent. (20%) for shares issued other than on a pro-rata basis (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to shareholders with registered address in Singapore. For the purpose of determining the aggregate number of shares that may be issued, the percentage of the total number of issued shares excluding treasury shares of the Company will be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of Resolution 5, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Resolution 5, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.
3. **Resolution 6** is to authorise the Directors to allot and issue new shares on a non pro-rata basis at a discount not exceeding twenty per cent. (20%). This authority will continue in force until the next Annual General Meeting.
4. **Resolution 7** is to authorise the Directors to offer and grant options in accordance with the provisions of the Scheme and pursuant to Section 161 of the Companies Act, Cap. 50 to allot and issue shares under the Scheme. The size of the Scheme is limited to fifteen per cent. (15%) of the total number of issued shares excluding treasury shares of the Company for the time being.

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FIRSTLINK INVESTMENTS CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

(Registration No: 197802562E)

IMPORTANT:

- For Investors who have used their CPF monies to buy shares of Firstlink Investments Corporation Limited, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
- This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM - ANNUAL GENERAL MEETING

I/We, _____ (Name)

of _____ (Address)

being a member/members of abovenamed Company, hereby appoint:

Name	Address	NRIC / Passport No.	Proportion of Shareholdings (%)
(a)			
and/or (delete as appropriate)			
(b)			

or failing him/them, the Chairman of the Meeting or such other person as he may designate, as my/our proxy/proxies to attend and vote for me/us and on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at The Guild, NUSS Suntec City Guild House, 3 Temasek Boulevard #05-001 Suntec City Mall, Singapore 038983 on Thursday, 28 April 2011 at 2.00 pm and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast **FOR** or **AGAINST** the Resolutions to be proposed at the Meeting as indicated hereunder. In the absence of specific directions, the proxy/proxies will vote or abstain from voting at his/their discretion.)

NO.	RESOLUTIONS	FOR	AGAINST
Routine Business			
1	Adoption of Reports and Financial Statements (Resolution 1)		
2	Re-election of Mr Er Kwong Wah as a Director (Resolution 2)		
3	Approval of Directors' fees (Resolution 3)		
4	Re-appointment of Messrs Baker Tilly TFW LLP as Auditor of the Company (Resolution 4)		
5	Any other routine business		
Special Business			
6	Authority for Directors to allot and issue new shares pursuant to Section 161 of the Companies Act, Cap. 50 (Resolution 5)		
7	Authority for Directors to allot and issue new shares on a non pro-rata basis at a discount not exceeding twenty per cent. (20%) (Resolution 6)		
8	Authority for Directors to offer and grant options and issue shares pursuant to the Firstlink Investments Corporation Limited (2001) Share Option Scheme (Resolution 7)		

Dated this _____ day of _____ 2011

Total number of shares held

Signature of Individual Shareholder or Common Seal of Corporate Shareholder**IMPORTANT:**

Please read notes overleaf

Notes:

1. Save as provided in the Articles of Association, a Member of the Company entitled to attend and vote at the above 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 and where there is more than one proxy, the number of shares to be represented by each proxy must be stated.
2. This Proxy Form must be signed by the appointor or his/her duly authorised attorney or, if the appointor is a body corporate, signed by a duly authorised officer or his attorney and affixed with its common seal thereto.
3. The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a certified copy thereof, must be deposited at the registered office of the Company at One Phillip Street #08-01, Singapore 048692, not less than 48 hours before the time fixed for holding the Annual General Meeting.
4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
5. The Company shall be entitled to reject this instrument of proxy if it is incomplete, not properly completed or illegible or where the true intention of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy. In addition, in case of members whose shares are deposited with The Central Depository (Pte) Limited ("CDP"), the Company may reject any instrument of proxy lodged if such member is not shown to have shares entered against his name in the Depository Register 48 hours before the time fixed for holding the Annual General Meeting as certified by CDP to the Company.

fold along this line (1)

Please Affix Stamp Here

**The Company Secretary
Firstlink Investments Corporation Limited
One Phillip Street #08-01
Singapore 048692**

fold along this line (2)



Co. Reg. No 197802562E

Firstlink Investments Corporation Limited

One Phillip Street #08-01 Singapore 048692

Tel: (65) 6448 6211 Fax: (65) 6445 2506

www.firstlinkcorp.com.sg