ILLUSTRATIVE FINANCIAL STATEMENTS 2012

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ABC SINGAPORE LIMITED
(Registration Number: 123456789A)
AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS
AND
FINANCIAL STATEMENTS

31 DECEMBER 2012

BDO LLP
Public Accountants and
Certified Public Accountants

About BDO

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Preface

Scope

This publication, Illustrative Financial Statements 2012, provides a set of sample financial statements of a fictitious group of companies for the financial year ending 31 December 2012. ABC Singapore Limited is a company incorporated in Singapore and its shares are listed on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX”).

The names of people and entities included in this publication are fictitious. Any resemblance to a person or entity is purely coincidental.

Effective date

This set of illustrative financial statements includes sample disclosures under the requirements of the Singapore Companies Act, Singapore Exchange Securities Trading Limited (SGX-ST) Listing Manual and Singapore Financial Reporting Standards (including its Interpretations) that are effective for financial years commencing on 1 January 2012.

Illustrative in nature

The sample disclosures in this set of illustrative financial statements should not be considered to be the only acceptable form of presentation. The form and content of each reporting entity’s financial statements are the responsibility of the entity’s directors/management and other forms of presentation which are equally acceptable may be preferred and adopted, provided they include the specific disclosures prescribed in the Singapore Companies Act, Singapore Exchange Securities Trading Limited (SGX-ST) Listing Manual and Singapore Financial Reporting Standards.

The illustrative financial statements are not substitutes for reading the legislation or standards themselves, or for professional judgement as to fairness of presentation. They do not cover all possible disclosures required by the Singapore Companies Act, Singapore Exchange Securities Trading Limited (SGX-ST) Listing Manual and Singapore Financial Reporting Standards. Depending on the circumstances, further specific information may be required in order to ensure fair presentation and compliance with laws, accounting standards and stock exchange regulations in Singapore.

Guidance notes

Direct references to the source of disclosure requirements are included in the reference column on each page of the model financial statements. Commentaries are provided where additional matters may need to be considered in relation to a particular disclosure. These commentaries are inserted within the relevant section or note.

Further guidance

Readers may also refer to the BDO IFRS Illustrative Financial Statements 2012 for further guidance and illustrative disclosures prepared under International Financial Reporting Standards, including on certain areas not covered by this publication. These can be downloaded from www.bdointernational.com.

Disclaimer

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Abbreviations used

References are made in this publication to the Singapore Companies Act, Singapore accounting pronouncements, guidelines and SGX listing rules that require a particular disclosure or accounting treatment.

The abbreviations used to identify the source of authority are as follows:

CA	Singapore Companies Act
FRS	Singapore Financial Reporting Standards
INT FRS	Interpretation of Singapore Financial Reporting Standards
FRS AG	FRS Application – Guidance
FRS IG	FRS Implementation Guidance
SGX	Singapore Exchange Securities Trading Limited (SGX-ST) Listing Manual
SSA	Singapore Standards on Auditing
AGS	Audit Guidance Statements

ABC SINGAPORE LIMITED AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 31 DECEMBER 2012

C O N T E N T S

REPORT OF THE DIRECTORS

CA 201: 5, 6A

The directors of the Company present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2012 and the statement of financial position of the Company as at 31 December 2012.

CA 201: 6(a), 6A(a)

1. Directors

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

Aaron Chan
Bradley Toh
Cathy Ng (Appointed on 3 November 2012)

CA 201: 6(f)
CA 201: 6A(g)
CA 164: 1(d)

2. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was 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, [except as disclosed in paragraph five below]:

CA 201: 6g, 6A(h)
CA 164: 1(a), (b)

3. Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under section 164 of the Singapore Companies Act (the Act), except as follows:

Name of directors and companies in which interests are held	**Shareholdings registered in name of director or nominee**		**Shareholdings in which director is deemed to have an interest**	
	At beginning of year or date of appointment, if later	**At end of year**	**At beginning of year or date of appointment, if later**	**At end of year**
Company:				
ABC Singapore Limited				
(No. of ordinary shares)				
Aaron Chan				
Cathy Ng				
Holding Company:				
XYZ Holding Pte. Ltd.				
(No. of ordinary shares)				
Aaron Chan				
Bradley Toh				

CA 7: 4A
SGX 1207: 7

By virtue of Section 7 of the Act, XXX is deemed to have an interest in all related corporations of the Company. In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited (SGX-ST), the Directors of the Company state that, according to the Register of the Directors shareholdings, the Directors' interests as at 21 January 2013 in the shares or debentures of the Company have not changed from those disclosed as at 31 December 2012.

4. Directors' contractual benefits

CA 201: 8
SGX 1207: 8

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Act, 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, except for salaries, bonuses and other benefits, as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations as disclosed in Note 39 of the accompanying financial statements.

SGX 852
SGX 1207: 15
CA 201: 11
CA 201: 11B
CA 201: 12

5. Share options

There were no share options granted by the Company or its subsidiaries during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares under option in the Company or its subsidiaries as at the end of the financial year.

CA 201B: 9

6. Audit committee

The audit committee of the Company is chaired by AAA, an independent director, and includes BBB and CCC, who are both independent directors. The audit committee has met four times since the last Annual General Meeting (AGM) and has carried out its functions in accordance with section 201B(5), including reviewing the following, where relevant, with the executive directors and external and internal auditors of the Company:

(a) the audit plans of the internal and external auditors and the results of the internal auditors examination and evaluation of the Company's systems of internal accounting controls;
(b) the Company's and the Group's financial and operating results and accounting policies;
(c) the statement of financial position of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditor's report on those financial statements;
(d) the quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;
(e) the co-operation and assistance given by the management to the Company's external auditor; and
(f) the re-appointment of the external auditor of the Company.

The audit committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the audit committee.

The audit committee has recommended to the directors the nomination of BDO LLP for re-appointment as external auditor of the Company at the forthcoming AGM of the Company.

7. Auditor

The auditor, BDO LLP, has expressed its willingness to accept re-appointment.

CA 201: 5 On behalf of the Board of Directors

Aaron Chan	**Bradley Toh**
Director	Director

Singapore
[Date]

Commentary

SGX 853
SGX 1207: 15

Share Options

Where options are granted by the Company or its subsidiaries, the user is required to make certain disclosures under Section 201(11) of the Companies Act.

For options granted by the Company during the financial year, the following disclosures have to be made:

CA 201: 11(b) (a) The number and class of shares in respect of which the option has been granted;
CA 201: 11(c) (b) The date of expiration of the option;
CA 201: 11(d) (c) The basis upon which the option may be exercised; and
CA 201: 11(e) (d) Whether the person to whom the option has been granted has any right to participate by virtue of the option in any share issue of any other company.

CA 201: 12
SGX 852: 1(b)(i)

Please refer to the following as an illustrative guide:

At the end of the financial year, there were [ ] ordinary shares of ABC Singapore Limited under option relating to the [name of option scheme] Share Option Scheme. [Please describe the terms of the options.] which was approved by the members of the Company at an Extraordinary General Meeting on [insert date].

SGX 852: 1(b)(i)

(a) Options granted to directors of the Company under the [name of option scheme] Share Option Scheme are as follows:

Name	*Options granted during 2012*	*Aggregate options granted since commencement of the Scheme or date of appointment, if later, to 31 December 2012*	*Aggregate options exercised since commencement of the Scheme or date of appointment, if later, to 31 December 2012*	*Aggregate options lapsed since commencement of the Scheme or date of appointment, if later, to 31 December 2012*	*Aggregate options outstanding at 31 December 2012*
Aaron Chan					
Bradley Toh					
Cathy Ng					

SGX 852: 1(b)(ii)

(b) The options granted to the controlling shareholder, Aaron Chan, are as described in paragraph (a) above. There were no options granted to associates of the controlling shareholder during the financial year.

SGX 852: 1(b)(iii)

(c) During the financial year, no employee has received 5% or more of the total number of options available under the [name of option scheme] Share Option Scheme.

SGX 852: 1(d)

(d) No options were granted at a discount to market price during the financial year.

CA 201: 11(c), 11B, 12(b)

(e) Under the [name of option scheme] Share Option Scheme, share options granted, exercised and lapsed during the financial year and outstanding as at 31 December 2012 were as follows:

Date granted	*At date of grant*	*Balance at 31 December 2011*	*Lapsed*	*Exercised*	*Balance at 31 December 2012*	*Exercise price $*	*Exercise period*
5 February 2007							
5 February 2007							
5 February 2007							
29 May 2007							
13 May 2008							
21 July 2008							
21 July 2008							
21 July 2008							

Other Information

CA 203 (1)
SGX 707: 2
CA 201: 5

The Report of the Directors shall be made out and sent to all persons entitled to receive notice of general meetings of the Company not less than 14 days before the date of the Annual General Meeting ("AGM"). The Report shall be made in accordance with a resolution of the directors specifying the day on which it was made out and be signed by at least 2 directors.

CA 201: 1(a), (b)
SGX 707: 1
CA 201: 3A(a)(i),(ii)

AGMs shall be held within four months and six months after the end of their financial years for listed and non-listed companies respectively.

STATEMENT BY DIRECTORS

In the opinion of the directors,

CA 201: 15(a), (b) (a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012, and of the results, changes in equity and cash flows of the Group for the financial year then ended; and

CA 201: 15(c) (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Aaron Chan	**Bradley Toh**
Director	Director

Singapore
[Date]

SSA 700: 21, 22
CA 201: 1

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABC SINGAPORE LIMITED

SSA 700: 39

Report on the Consolidated Financial Statements

SSA 700: 23
AGS 1

We have audited the accompanying financial statements of ABC Singapore Limited (the Company) and its subsidiaries (the Group) which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2012, and the consolidated statements of comprehensive income, changes in equity and cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

SSA 700: 25

Management's Responsibility for the Financial Statements

SSA 700: 26

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, Chapter 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.

SSA 700: 28

Auditor's Responsibility

SSA 700: 29
SSA 700: 30

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

SSA 700: 31

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

SSA 700: 33

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

SSA 700: 34

Opinion

CA 207: 2(a)
SSA 700: 35

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

SSA 700: 38

Report on Other Legal and Regulatory Requirements

CA 207: 2(b)

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

SSA 700: 40

BDO LLP
Public Accountants and
Certified Public Accountants

SSA 700: 42
SSA 700: 41
CA 201: 4A

Singapore
[Date]

Commentary

First year of appointment as auditor

In the event where there is a change of auditor, please include the paragraph after the "***Opinion***" sub-heading (SSA706: 8) as follows:

Other matters

The financial statements of the Group and the Company for the financial year ended ***[date]*** *were audited by another firm of auditors who expressed an unmodified opinion on those statements on* ***[insert the date of auditor's report issued by another firm]***.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

FRS 1: 88
FRS 1: 99

Format 1 - By Function

Reference		Note	Group 2012 $'000	Group 2011 $'000
FRS 1: 82(a), 103	Revenue	4		
FRS 1: 103	Cost of sales			
FRS 1: 103	**Gross profit**			
	Other items of income			
	Interest income			
	Dividend income			
FRS 1: 103	Other income	5		
	Other items of expense			
FRS 1: 103	Marketing and distribution expenses			
FRS 1: 103	Administrative expenses			
FRS 1: 103	Other expenses			
FRS 1: 82(b)	Finance costs	6		
FRS 1: 82(c); FRS 28: 38	Share of profit of associates	17		
	Profit before tax from continuing operations	7		
FRS 1: 82(d)	Income tax expense	8		
	Profit for the year from continuing operations			
FRS 1: 82(e); FRS 105: 33(a)	Profit for the year from discontinued operation	9		
FRS 1: 82(f)	**PROFIT FOR THE YEAR**			
FRS 1: 82(g)	**Other comprehensive income:**			
	Exchange differences on translating foreign operations			
	Other exchange differences			
	Available-for-sale financial assets:			
	Gains arising during the year			
FRS 1: 92, 94	Less: Reclassification adjustments for gains included in profit or loss			
	Gain on revaluation of property			
FRS 1: 82(h)	Share of other comprehensive income of associates			
	Other comprehensive income for the year, net of tax	10		
FRS 1: 82(i)	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**			

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

FRS 1: 88
FRS 1: 99

Format 1 - By Function

		Note	Group 2012 $'000	Group 2011 $'000
	Profit attributable to:			
FRS 1: 83(a)(ii)	Owners of the parent			
FRS 1: 83(a)(i)	Non-controlling interests			
	Total comprehensive income attributable to:			
FRS 1: 83(b)(ii)	Owners of the parent			
FRS 1: 83(b)(i)	Non-controlling interests			
	Earnings per share from continuing operations attributable to owners of the parent (cents)			
FRS 33: 66	Basic	11		
FRS 33: 66	Diluted	11		
	Earnings per share from discontinued operation attributable to owners of the parent (cents)			
FRS 33: 68	Basic	11		
FRS 33: 68	Diluted	11		

Commentary

In the application of FRS 1 (2008) *Presentation of Financial Statements*, the Group has elected to present:
- a single statement of comprehensive income (FRS 1: 81(a));
- the components of other comprehensive income net of related tax effects (FRS 1: 91(a) with the income tax effects of the individual components disclosed in Note 10); and
- to present the reclassification adjustments relating to components of other comprehensive income in the statement of comprehensive income (FRS 1: 94).

Please refer to Appendix A for an illustrative example of the alternative presentation format consisting of a consolidated income statement and a consolidated statement of other comprehensive income.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

FRS 1: 88
FRS 1: 99

Format 2 - By Nature

Reference		Note	Group 2012 $'000	Group 2011 $'000
FRS 1: 82(a), 102	Revenue	4		
	Other items of income			
	Interest income			
	Dividend income			
FRS 1: 102	Other income	5		
	Items of expense			
FRS 1: 102	Changes in inventories of finished goods and work-in-progress			
FRS 1: 102	Raw material and consumables used			
FRS 1: 102	Employee benefits expense			
FRS 1: 102	Depreciation and amortisation expense			
FRS 1: 85	Impairment of property, plant and equipment			
FRS 1: 102	Other expenses			
FRS 1: 82(b)	Finance costs	6		
FRS 1: 82(c); FRS 28: 38	Share of profit of associates	17		
	Profit before tax from continuing operations	7		
FRS 1: 82(d)	Income tax expense	8		
	Profit for the year from continuing operations			
FRS 1: 82(e); FRS 105: 33(a)	Profit for the year from discontinued operation	9		
FRS 1: 82(f)	**PROFIT FOR THE YEAR**			
FRS 1: 82(g)	**Other comprehensive income:**			
	Exchange differences on translating foreign operations			
	Other exchange differences			
	Available-for-sale financial assets:			
	Gains arising during the year			
FRS 1: 92, 94	Less: Reclassification adjustments for gains included in profit or loss			
	Gain on revaluation of property			
FRS1 : 82(h)	Share of other comprehensive income of associates			
	Income tax relating to components of other comprehensive income			
	Other comprehensive income for the year, net of tax	10		
FRS1 : 82(i)	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**			

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

FRS 1: 88
FRS 1: 99

Format 2 - By Nature

		Note	Group 2012 $'000	Group 2011 $'000
	Profit attributable to:			
FRS 1: 83(a)(ii)	Owners of the parent			
FRS 1: 83(a)(i)	Non-controlling interests			
	Total comprehensive income attributable to:			
FRS 1: 83(b)(ii)	Owners of the parent			
FRS 1: 83(b)(i)	Non-controlling interests			
	Earnings per share from continuing operations attributable to owners of the parent (cents)			
FRS 33: 66	Basic	11		
FRS 33: 66	Diluted	11		
	Earnings per share from discontinued operation attributable to owners of the parent (cents)			
FRS 33: 68	Basic	11		
FRS 33: 68	Diluted	11		

Commentary

In the application of FRS 1 (2008) *Presentation of Financial Statements*, the Group has elected to present:

- a single statement of comprehensive income (FRS 1: 81(a));
- the components of other comprehensive income before related tax effects with one amount shown for the aggregate amount of income tax relating to those components (FRS 1: 91(b)) with the income tax effects of the individual components disclosed in Note 10; and
- the reclassification adjustments relating to components of other comprehensive income in the statement of comprehensive income (FRS 1: 94).

Please refer to Appendix B for an illustrative example of the alternative presentation format consisting of a consolidated income statement and a consolidated statement of other comprehensive income.

ABC SINGAPORE LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

		Note	Group 31 December 2012 $'000	31 December 2011 $'000
FRS 1: 54, 77 SGX 1207: 5(a), (b)				
	ASSETS			
FRS 1: 60, 61	**Non-current assets**			
FRS 1: 54(a)	Property, plant and equipment	12		
FRS 1: 54(b)	Investment properties	13		
FRS 1: 54(c)	Goodwill	14		
FRS 1: 54(c)	Other intangible assets	15		
FRS 1: 54(e)	Investments in associates	17		
FRS 1: 54(o)	Deferred tax assets	19		
FRS 1: 54(d)	Held-to-maturity investments	20		
FRS 1: 54(d)	Available-for-sale investments	21		
	Total non-current assets			
FRS 1: 66	**Current assets**			
FRS 1: 54(g)	Inventories	22		
FRS 1: 54(h)	Trade and other receivables	23		
FRS 1: 54(d)	Amounts due from contract customers	24		
FRS 1: 54(d)	Held-for-trading investments	25		
FRS 1: 54(d)	Derivative financial instruments	26		
	Prepayments			
FRS 1: 54(i)	Cash and cash equivalents	27		
	Total current assets			
FRS 1: 54(j); FRS 105: 38	Assets of a disposal group classified as held-for-sale	9		
	Total assets			
	EQUITY AND LIABILITIES			
	Equity			
FRS 1: 78(e)	Share capital	28		
FRS 1: 78(e)	Treasury shares	29		
FRS 1: 78(e)	Retained earnings			
FRS 1: 78(e)	Other reserves	30		
FRS 1: 54(r)	**Equity attributable to owners of the parent**			
FRS 1: 54(q)	**Non-controlling interests**			
	Total equity			

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (Continued)

		Note	Group 31 December 2012 $'000	Group 31 December 2011 $'000
	Non-current liabilities			
FRS 1: 54(l)	Provisions	31		
FRS 1: 54(o)	Deferred tax liabilities	19		
FRS 1: 54(m)	Finance lease payables	32		
FRS 1: 54(m)	Bank borrowings	33		
	Total non-current liabilities			
	Current liabilities			
FRS 1: 54(l)	Provisions	31		
FRS 1: 54(n)	Income tax payables			
FRS 1: 54(k)	Trade and other payables	34		
FRS 1: 54(m)	Amounts due to contract customers	24		
FRS 1: 54(m)	Finance lease payables	32		
FRS 1: 54(m)	Derivative financial instruments	26		
FRS 1: 54(m)	Bank borrowings	33		
	Total current liabilities			
FRS 1: 54(j); FRS 105: 38	Liabilities of a disposal group classified as held-for-sale	9		
	Total liabilities			
	Total equity and liabilities			

Commentary

In the event where the Company has issued redeemable preference shares, please refer to FRS 32: AG 25 for guidance on their classification.

In the application of FRS 1 (2008): 10(f), the Group is required to present a third statement of financial position as at beginning of the earliest comparative period following a change in accounting policy, the correction of an error, or the reclassification of items in the financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

		Note	Company 31 December 2012 $'000	Company 31 December 2011 $'000
FRS 1: 54, 77 SGX 1207: 5(a), (b)				
	ASSETS			
FRS 1: 60, 61	**Non-current assets**			
FRS 1: 54(a)	Property, plant and equipment	12		
FRS 1: 55	Investments in subsidiaries	16		
FRS 1: 54(e)	Investments in associates	17		
FRS 1: 54(e)	Investment in joint venture	18		
FRS 1: 54(o)	Deferred tax assets	19		
FRS 1: 54(d)	Held-to-maturity investments	20		
FRS 1: 54(d)	Available-for-sale investments	21		
	Total non-current assets			
FRS 1: 66	**Current assets**			
FRS 1: 54(j)	Trade and other receivables	23		
FRS 105: 38	Held-for-trading investments	25		
FRS: 54(h)	Derivative financial instruments	26		
FRS: 54(d)	Prepayments			
FRS: 54(d)	Cash and cash equivalents	27		
FRS 1: 54(i)	**Total current assets**			
	Total assets			
	EQUITY AND LIABILITIES			
	Equity			
FRS 1: 78(e)	Share capital	28		
FRS 1: 78(e)	Treasury shares	29		
FRS 1: 78(e)	Retained earnings			
FRS 1: 54(e)	Other reserves	30		
	Total equity			

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (Continued)

		Note	Company 31 December 2012 $'000	Company 31 December 2011 $'000
	Non-current liabilities			
FRS 1: 54(o)	Deferred tax liabilities	19		
FRS 1: 54(m)	Bank borrowings	33		
	Total non-current liabilities			
	Current liabilities			
FRS 1: 54(n)	Income tax payables			
FRS 1: 54(k)	Trade and other payables	34		
FRS 1: 54(m)	Derivative financial instruments	26		
FRS 1: 54(m)	Bank borrowings	33		
	Total current liabilities			
	Total liabilities			
	Total equity and liabilities			

Commentary

In the event where the Company has issued redeemable preference shares, please refer to FRS 32: AG 25 for guidance on their classification.

In the application of FRS 1 (2008): 10(f), the Group is required to present a third statement of financial position as at beginning of the earliest comparative period following a change in accounting policy, the correction of an error, or the reclassification of items in the financial statements.

ABC SINGAPORE LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

FRS 1: 10(c) FRS 1: 106(d)	Group	Note	Total equity	Equity, attributable to owners of the parent	Share capital	Treasury shares	Retained earnings	Other reserves	Available-for-sale reserve	Revaluation reserve	Statutory reserve fund	Translation reserve	Non-controlling interests
			$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	Balance at 1 January 2012												
FRS 1: 106(b)	Changes in accounting policy												
	Restated balance at 1 January 2012												
FRS 1: 106(a)	**Changes in equity for 2012**												
	Total comprehensive income for the year:												
FRS 1: 82(f)	**Profit for the year**												
	Other comprehensive income:												
FRS 1: 91(a)	Exchange differences on translating foreign operations												
FRS 1: 91(a)	Other exchange differences												
	Available-for-sale financial assets:												
FRS 1: 91(a)	Gains arising during the year												
FRS 1: 92, 94	Less: Reclassification adjustments for gains included in profit or loss												
FRS 1: 91(a)	Gain on revaluation of Property												
FRS 1: 82(h)	Share of other comprehensive income from equity-accounted associates and joint venture												
	Total other comprehensive income for the year, net of tax												
FRS 1: 82(i)	**Total comprehensive income for the year**												

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012 (Continued)

	Group	Note	Total equity	Equity, attributable to owners of the parent	Share capital	Treasury shares	Retained earnings	Other reserves	Available-for-sale reserve	Revaluation reserve	Statutory reserve fund	Translation reserve	Non-controlling interests
FRS 1: 10(c) FRS 1: 106(d)			$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
FRS 1: 106(d)	Issue of share capital												
FRS 32: 33	Purchase of treasury shares	29											
	Dividends	35											
FRS 1: 107	Transfer to statutory reserve fund												
FRS 1: 106(d)(iii)	Acquisition of a subsidiary	16											
FRS 1: 106(d)(iii)	Acquisition of non-controlling interests without a change in control	16											
	Balance at 31 December 2012												

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012 (Continued)

	Group	Note	Total equity	Equity, attributable to owners of the parent	Share capital	Treasury shares	Retained earnings	Other reserves	Available-for-sale reserve	Revaluation reserve	Statutory reserve fund	Translation reserve	Non-controlling interests
FRS 1: 10(c) FRS 1: 106(d)			$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	Balance at 1 January 2011												
FRS 1: 106(b)	Changes in accounting policy												
	Restated balance at 1 January 2011												
	Changes in equity for 2011												
RS 1: 106(a)	**Total comprehensive income for the year:**												
FRS 1: 82(f)	**Profit for the year**												
	Other comprehensive income:												
FRS 1: 91(a)	Exchange differences on translating foreign operations												
FRS 1: 91(a)	Other exchange differences												
	Available-for-sale financial assets:												
FRS 1: 91(a)	Gains arising during the year												
FRS 1: 92, 94	Less: Reclassification adjustments for gains included in profit or loss												
FRS 1: 91(a)	Gain on revaluation of property												
FRS 1: 82(h)	Share of other comprehensive income from equity-accounted associates and joint venture												
	Total other comprehensive income for the year, net of tax												
FRS 1: 82(i)	**Total comprehensive income for the year**												

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012 (Continued)

FRS 1: 10(c)
FRS 1: 106(d)

	Group	Note	Total equity	Equity, attributable to owners of the parent	Share capital	Treasury shares	Retained earnings	Other reserves	Available-for-sale reserve	Revaluation reserve	Statutory reserve fund	Translation reserve	Non-controlling interests
			$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
FRS 1: 106(d)	Issue of share capital												
FRS 32: 33	Purchase of treasury shares	29											
FRS 1: 107	Dividends	35											
	Transfer to statutory reserve fund												
	Balance at 31 December 2011												

Commentary

Separate Statement of Changes in Equity

The Group has not included a statement of changes in equity for the Company. If there are any changes in the Company's equity components during the current or preceding financial year, other than that resulting from profit or loss, or otherwise, a separate statement of comprehensive income and a separate statement of changes in equity for the Company could (as an option) be included and the necessary changes to the notes must be made accordingly.

FRS 1:106 requires an entity to disclose the following information in the statement of changes in equity:
- total comprehensive income for the period, showing separately the total amounts attributable to owners of the parent and to non-controlling interests;
- for each component of equity, the effects of retrospective application or retrospective restatement recognised in accordance with FRS 8; and
- for each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing changes resulting from:
  - (i) profit or loss;
  - (ii) other comprehensive income; and
  - (iii) transactions with owners in the capacity as owners, showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control.

FRS 1:106A was added as part of improvements to FRSs 2010 where the Group could choose to present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item. In the application of this standard, the Group has elected to disclose the information in the statement of changes in equity.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

			Group	
FRS 7: 1 SGX 1207: 5(c)		Note	2012 $'000	2011 $'000
FRS 7: 18(b)	**Operating activities**			
FRS 7: 10	Profit before income tax from continuing operations			
	Profit before income tax from discontinued operation	9		
	Profit before income tax			
FRS 7: 20(b), (c)	Adjustments for:			
	Impairment of goodwill			
	Amortisation expense			
	Depreciation expense			
	Gain on disposal of subsidiary			
	Gain on disposal of property, plant and equipment			
	Fair value gain on investment properties			
	Fair value gain arising from derivative financial instruments			
	Fair value loss arising from held-for-trading investments			
	Increase/(decrease) in provisions			
FRS 7: 31	Interest expense			
FRS 7: 31	Interest income			
FRS 7: 31	Dividend income			
	Unrealised exchange difference			
	Share of profit of associates			
FRS 7: 20(a)	Operating cash flows before movements in working capital			
	Inventories			
	Trade and other receivables			
	Prepayments			
	Amounts due from/to customers for construction work-in-progress			
	Trade and other payables			
FRS 7: 35	Cash generated from operations			
	Income taxes paid			
	Net cash from/(used in) operating activities			
FRS 7: 10 FRS 7: 21	**Investing activities**			
FRS 7: 16(b)	Proceeds from disposal of property, plant and equipment			
FRS 7: 16(a)	Acquisition of property, plant and equipment	12		
FRS 7: 39, 42	Acquisition of subsidiary, net of cash acquired	16		
FRS 7: 39, 42	Disposal of subsidiary, net of cash disposed	16		
	Increase in fixed deposits pledged			
FRS 7: 31	Interest received			
FRS 7: 31	Dividends received			
	Net cash from/(used in) investing activities			

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (Continued)

Reference		Note	Group 2012 $'000	Group 2011 $'000
FRS 7: 10, FRS 7: 21	**Financing activities**			
FRS 7: 17(a)	Proceeds from issue of shares			
FRS 7: 17(c)	Proceeds from borrowings			
FRS 7: 17(d)	Repayment of borrowings			
FRS 7: 17(e)	Repayment of obligations under finance leases			
FRS 7: 31	Dividends paid to equity holders of the parent			
FRS 7: 31	Dividends paid to non-controlling interests			
FRS 7: 31	Interest paid			
	Net cash from/(used in) financing activities			
	Net (decrease)/increase in cash and cash equivalents			
	Cash and cash equivalents at beginning of year			
FRS 7: 28	Effect of foreign exchange rate changes on cash and cash equivalents			
FRS 7: 45	**Cash and cash equivalents at end of year**	28		

Commentary

(i) Direct/Indirect method

FRS 7: 18 allows entities to report cash flows from operating activities using either the direct method or the indirect method.

The Group presents its cash flows using the indirect method.

(ii) Investing and financing transactions that do not require the use of cash or cash equivalents

Investing and financing transactions that do not require the use of cash or cash equivalents shall be excluded from the statement of cash flows. Such transactions shall be disclosed elsewhere in the financial statements in a way that provides all the relevant information about these investing and financing activities. An example will be property, plant and equipment acquired under finance leases.

(iii) Acquisition of non-controlling interests

FRS 7: 54
FRS 7: 42A

For annual periods beginning on or after 1 July 2009, FRS 7 requires cashflows arising from changes in ownership interests in a subsidiary that do not result in a loss of control to be classified as cashflows from financing activities.

Changes in ownership interests in a subsidiary that do not result in either a loss of control are accounted for as equity transactions. Accordingly the resulting cashflows are classified in the same way as other transactions with owners described in FRS 7: 17.

(iv) Issuance of ordinary shares and purchase of treasury shares

FRS 7: 17(a), (b)

Proceeds from issuance of ordinary shares and purchase of treasury shares are classified as cashflows from financing activities.

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

1. General

FRS 1: 138(a) ABC Singapore Limited (the "Company") (Registration Number 123456789A) is a limited liability company incorporated and domiciled in Singapore with its principal place of business and registered office at 21 Merchant Road #05-01 Royal Merukh S.E.A. Building, Singapore 058267. The Company is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

FRS 1:138(b) The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 16 to the financial statements.

FRS 24: 13 The Company's immediate and ultimate holding corporation is XYZ Holding Pte. Ltd., incorporated in Singapore.

FRS 10: 17 The consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 December 2012 were authorised for issue by the Board of Directors on [ ].

Commentary

FRS 1: 51(a) If the Company changes its name during the financial year, the change shall be disclosed.

Please refer to the illustrative guide below:

"With effect from (effective date), the name of the Company was changed from (former name) to (current name)."

Disclosure of name of ultimate controlling party

FRS 24: 13 *FRS 24 requires the Company to disclose the name of the Company's parent and, if different, the ultimate controlling party. The ultimate controlling party can be either an entity or a person. If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.*

FRS 1: 112, 117

2. Summary of significant accounting policies

2.1 Basis of preparation

FRS 1: 16
SGX 1207: 5(d)
FRS 1: 117(a)

The financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (FRS) including related Interpretations of FRS (INT FRS) and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar ("$") which is the functional currency of the Company and the presentation currency for the consolidated financial statements and all values presented are rounded to the nearest thousand ("$'000") as indicated.

FRS 1: 112, 117

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS 8: 28

In the current financial year, the Group has adopted all the new and revised FRS and INT FRS that are relevant to its operations and effective for the current financial year. The adoption of these new/revised FRS and INT FRS does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

FRS 8: 28

Commentary

FRS and INT FRS effective for annual periods beginning on or after 1 January 2012

Disclosures should be made on the material effect on the financial statements in the prior or current period arising from the changes in the accounting policies as a result of the adoption of the following amended or new Standards and Interpretations:

		Effective date (annual periods beginning on or after)
FRS 12 (Amendments)	Deferred tax: Recovery of underlying assets	1 January 2012
FRS 101 (Amendments	Sever hyperinflation and removal of fixed	1 July 2012
FRS 107 (Amendments)	Transfers of financial assets	1 July 2011

The following are illustrative disclosures of changes in accounting policies upon the adoption of some of these new or amended standards.

Amendments to FRS 12 Deferred tax: Recovery of Underlying assets

FRS 12: 98
FRS 12: 51B, C

The Group has adopted the amendment on 1 January 2012. The amendment introduced a rebuttable presumption that an investment property measured at fair value is recovered entirely through sale. The presumption can be rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012.

Previously, the Group accounted for deferred tax on fair value gains on investment property on the basis that the asset would be recovered through use. Upon adoption of the amendment, such deferred tax is measured on the basis of recovery through sale.

The effects on adoption are as follows:

	Consolidated statement of financial position Increase/(Decrease)		
	At 31 December 2011 $'000	**At 31 December 2010 $'000**	**At 1 January 2010 $'000**
Deferred tax liabilities			
Retained profits			

FRS 1: 112, 117

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

Commentary (Continued)

The effects on adoption are as follows: (Continued)

	Profit or loss for the financial year ended 31 December Increase/(Decrease)	
	2010	**2010**
	$'000	**$'000**
Income tax expense		
Profit attributable to:		
Equity holders of the Company		
Non-controlling interest		

FRS 33: 64

The adoption of amended FRS 12 does not have any material impact on the basic and diluted EPS of the Group.

Amendments to FRS 107 Disclosures – Transfers of Financial Assets

The amendments to FRS 107 introduce disclosure requirements for all transferred assets, existing at the reporting date, irrespective of when the related transfer transaction occurred. These additional disclosure requirements enable users of financial statements to evaluate the risk exposures relating to transfer transactions of financial assets (for example securitisations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

FRS 1: 112, 117

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS and INT FRS issued but not yet effective

FRS 8: 30, 31

At the date of authorisation of these financial statements, the following FRS and INT FRS that are relevant to the Group were issued but not yet effective:

		Effective date (annual periods beginning on or after)
FRS 1 (Amendments)	Presentation of items of other comprehensive income	1 July 2012
FRS 19 (Revised)	Employee benefits	1 January 2013
FRS 27 (Revised)	Separate financial statements	1 January 2014
FRS 28 (Revised)	Investments in associates and joint ventures	1 January 2014
FRS 32 (Amendments)	Offsetting financial assets and financial liabilities	1 January 2014
FRS 101 (Amendments)	Government loans	1 January 2013
FRS 107 (Amendments)	Offsetting financial assets and financial liabilities	1 January 2013
FRS 110	Consolidated financial statements	1 January 2014
FRS 111	Joint arrangements	1 January 2014
FRS 112	Disclosure of interests in other entities	1 January 2014
FRS 113	Fair value measurement	1 January 2013
INT FRS 120	Stripping costs in the production phase of a surface mine	1 January 2013
Improvements to FRSs 2012		1 January 2013
- FRS 1 (Amendments)	Presentation of financial statements	
- FRS 16 (Amendments)	Property, plant and equipment	
- FRS 32 (Amendments)	Financial instruments: presentation	

Consequential amendments were also made to various standards as a result of these new/revised standards.

Except as disclosed below in relation to Amendments to FRS 1, FRS 111, Revised FRS 28, FRS 112 and FRS 113, management anticipates that the adoption of the above FRS and INT FRS in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income

The amendments to FRS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time will be presented separately from items which will never be reclassified. As the amendments only affect the presentation of items that are already recognised in other comprehensive income, there will be no impact on the Group's financial position or performance on initial adoption of this standard in the financial year beginning on **[1 January 2013]**.

FRS 1: 112, 117

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS and INT FRS issued but not yet effective (Continued)

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

FRS 111 supersedes FRS 31, Interest in Joint Ventures, and INT FRS 13, Jointly Controlled Entities – Non-Monetary Contributions by Ventures. FRS 111 classifies a joint arrangement as either a joint operation or a joint venture based on the parties' rights and obligations under the arrangement. Under FRS 111 all joint ventures must be accounted for under the equity method, as described in the revised FRS 28, with proportionate consolidation prohibited. These changes will take effect from the financial year beginning on **[1 January 2014]** with full retrospective application.

[As the Group currently uses proportionate consolidation for its joint ventures, a change in accounting policy will be required on adoption of FRS 111 which will have an impact on the statement of financial position.]

FRS 112 Disclosure of Interests in Other Entities

FRS 112 is a new standard which prescribes comprehensive disclosure requirements for all types of interests in other entities. It requires an entity to provide more extensive disclosures regarding the nature of any risks associated with its interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. As this is a disclosure standard, there will be no impact on the financial position or financial performance of the Group on initial adoption of the standard in the financial year beginning on **[1 January 2014]**.

FRS 113 Fair Value Measurement

FRS 113 is a new standard that applies to both financial and non-financial items providing guidance on how to measure fair value in situations where fair value measurement is required by other FRSs. It provides a common fair value definition and hierarchy applicable to the fair value measurement of assets, liabilities, and an entity's own equity instruments within its scope, as well as disclosure requirements. FRS 113 will be effective prospectively from the financial year beginning on **[1 January 2013]**.

[The Group does not expect that the adoption of FRS 113 will have any impact on the financial position or financial performance of the Group, however there may be changes to disclosures in the financial statements.]

Commentary

FRS 8:28 requires disclosure of standards or interpretations that have been issued which are not yet effective; and known or reasonably estimable information to assess the possible impact in the period of initial application.

It is not necessary to list out all new and revised standards and interpretations in issue, only those that are relevant. Where none are expected to have a any material impact, the following illustrative disclosure could be considered.

"Certain new standards, amendments and interpretations to FRSs have been issued and are relevant for the Group's accounting periods beginning on or after 1 July 2012 or later periods and which the Group has not early adopted. Management does not expect them to have any material impact on the Group when adopted."

FRS 1: 112, 117

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS and INT FRS issued but not yet effective (Continued)

Illustrative disclosures on some of the other standards issued but not yet effective are as follows:

FRS 1 (Amendments) Presentation of Items of Other Comprehensive Income

Refer to **Appendix C** for illustrative disclosure of the early adoption of these amendments.

FRS 110 Consolidated Financial Statements and FRS 27 Separate Financial Statements

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12, Consolidation – Special Purpose Entities. FRS 110 defines the principle of control and establishes a new control model as the basis for determining which entities are consolidated in the consolidated financial statements. FRS 27 remains as a standard applicable only to separate financial statements. On adoption of FRS 110 management will be required to exercise more judgement than under the current requirements of FRS 27 in order to determine which entities are controlled by the Group. These changes will take effect from the financial year beginning on **[1 January 2014]** with full retrospective application.

[Management is currently in the process of determining the impact on the Group but expects that there may be changes to the entities being consolidated by the Group.]

FRS 19 (Revised) Employee benefits

The revised FRS 19 requires for defined benefit pension plans that all actuarial gains and losses are to be recognised in other comprehensive income as they occur; to immediately recognise all past service costs, previously recognised over the average vesting period, immediately in profit or loss; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

[The Group is currently in the process of assessing the full impact of the amendments but expects that there will an impact on its financial position and performance since it currently uses the corridor approach to recognise actuarial gains and losses in profit or loss.]

FRS 32 (Amendments) Offsetting financial assets and financial liabilities

The amendments to FRS 32 clarify the guidance on criteria that an entity currently has a legally enforceable right to set-off financial assets and financial liabilities; and criteria that an entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. These changes will take effect from the financial year beginning on **[1 January 2014]**.

[The Group does not expect the adoption of the amendments to result in changes to the situations in which financial assets and liabilities are currently offset and hence does not expect any impact on its financial position or financial performance.]

FRS 1: 112, 117

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS and INT FRS issued but not yet effective (Continued)

FRS 107 (Amendments) Offsetting financial assets and financial liabilities

The amendments introduce additional disclosure requirements to include information that will enable users of FS to evaluate the effect of netting arrangements, including rights of set-off associated with recognised financial assets and liabilities, on financial position. As the amendments only affect disclosures, there will be no impact on the Group's financial position or performance on initial adoption of this standard in the financial year beginning on **[1 January 2013]**.

INT FRS 120 Stripping costs in the production phase of a surface mine

INT FRS 120 clarifies when and how to account separately for the benefits arising from stripping activity during the production phase of a surface mine, and how to measure these benefits initially and subsequently. Two types of benefits may arise: usable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in the future. The interpretation requires costs that provide improved access to ore to be accounted for as non-current assets when certain criteria are met.

[As the Group's current treatment of stripping costs is in line with the requirements of the interpretation, the group does not expect any impact on the Group's financial position or performance on initial adoption of this interpretation in the financial year beginning on **[1 January 2013]**.

Improvements to FRSs 2012

The Improvements to FRSs issued in 2012 are effective from the financial year beginning on **[1 January 2013].** Some of the Amendments are described below and, if they have a material impact on financial position or performance, details of such impact should be disclosed:

<u>Amendment to FRS 1 Presentation of Financial Statements</u>
The amendment clarifies the requirements for comparative information. If an entity voluntarily provides comparative information beyond the minimum requirements, then it must provide comparative information for related notes. However related notes are not required for the third balance sheet when it is required to be presented under FRS.

<u>Amendment to FRS 16 Property, Plant and Equipment</u>
The amendment clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not to be treated as inventory.

<u>Amendment to FRS 32 Financial Instruments: Presentation</u>
The amendment clarifies that income tax arising from distributions to equity holders are to be accounted for in accordance with FRS 12 Income Taxes.

FRS 1: 112, 117

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS 1: 122, 125

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have the most significant effect on the financial statements are disclosed in Note 3.

Commentary

FRS 1: 25

Going concern assumption

When preparing financial statements, management shall make an assessment of the entity's ability to continue as a going concern. Financial statements shall be prepared on a going-concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

When the financial statements are not prepared on a going concern basis, the entity shall disclose this fact, together with the basis on which the financial statements are prepared and the reason why the entity is not considered a going concern.

Please refer to the illustrative disclosure below:

"These financial statements are prepared on a realisation basis because management intends to liquidate the company within the next 12 months from the end of the financial year".

When management is aware of material uncertainties related to events or conditions that my cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties.

Illustrative disclosure of going concern uncertainty is as follows:

The Company incurred a net loss of $ZZZ (2011: $_______) during the year ended 31 December 2012 and, as of that date, the Company's current liabilities exceeded its current assets by $YYY (2011: $______). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern depends on the holding company's undertaking to provide continued financial support and not to recall amounts due to them of $YYY until all creditors have been paid.

If the Company is unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet/statement of financial position. In addition, the Company may have to reclassify non-current assets and liabilities. No such adjustments have been made to these financial statements.

FRS 1: 112, 117 **2. Summary of significant accounting policies** (Continued)

2.2 Basis of consolidation

FRS 27: 12, 13 The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including special purposes entities) over which the Company has the power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, so as to obtain benefits from their activities.

FRS 27: 26 Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

FRS 27: 20, 21 Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indicator of the asset concerned.

FRS 27: 22, 24 The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

FRS 27: 27, 28

FRS 103: 19

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

FRS 27: 30, 31 Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

FRS 27: 34, 35 When the Group loses control of a subsidiary it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial
FRS 27: 36,37 recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

FRS 27: 38 In the separate financial statements of the Company, investments in subsidiaries associates and joint ventures are carried at cost, less any impairment loss that has been recognised in profit or loss.

FRS 1: 112, 117

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

Commentary

FRS 27: 42(a)

In the event where the Company is exempted from preparing consolidated financial statements and elects to prepare separate financial statements, the Company shall disclose this fact, the name and country of incorporation or residence of the entity whose consolidated financial statements have been produced for public use and as well as the address where those consolidated financial statements are obtainable.

Illustrative guidance

These financial statements are the separate financial statements of ABC Singapore Limited. The Company is exempted from the preparation of consolidated financial statements as the Company is a wholly-owned subsidiary of [name of ultimate holding company], a Singapore-incorporated company, which produces consolidated financial statements available for public use. The registered office of [name of ultimate holding company] is at ______________.

2.3 Business combinations

Business combinations from 1 January 2010

FRS 103: 4; 37
FRS 103: 53

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration also includes the fair value of any contingent consideration.

FRS 103: 18, 20

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date.

FRS 103: 42

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

FRS 103: 32

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

FRS 103: 34

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

FRS: 112, 117

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

Business combinations from 1 January 2010 (Continued)

Commentary

FRS 103: 19

Measurement of non-controlling interest

The measurement option is available for a non-controlling interest which is a present ownership interest and entitles the holder to a proportionate share of the entity's net assets. The election is made for each individual business combination and does not constitute an accounting policy choice for similar transactions. Selecting the option will require management to carefully consider their future intentions regarding transactions with non-controlling interest, since the two options, combined with the revisions to accounting for changes in ownership interest of a subsidiary will potentially result in significantly different amounts of goodwill and equity.

Business combinations before 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

FRS 103: 14
FRS 103: 40

Business combinations were accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

FRS 103: 39

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests were treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that would otherwise have been required under the contract.

FRS 103: 32, 33

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

FRS 1: 112, 117

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

Commentary

Business combinations involving entities under common control

Where a business combination involves entities or businesses under common control, it is outside the scope of FRS 103 and may be accounted for using the pooling of interest method or the acquisition method (when the transaction has substance from the perspective of the reporting entity). The following is an illustrative accounting policy where the pooling of interest method is applied:

RAP 12: 9

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect the fair values, or recognise any new assets or liabilities.
- No goodwill is recognised as a result of the combination.
- Any difference between the consideration paid/transferred and the equity `acquired' is reflected within the equity as merger reserve.
- The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.
- Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

Contingent liabilities recognised in a business combination

Where there are contingent liabilities assumed in the business combination, the following illustrative accounting policy may be considered:

FRS 103: 56

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of:

- The amount that would be recognised in accordance with the accounting policy for provisions set out in Note 2.23; or
- The amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with guidance for revenue recognition.

FRS 18: 9, 10

2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is presented net of estimated customer returns, rebates, other similar allowances and sales related taxes.

FRS 18: 14

Sale of goods

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Normally these criteria are met when the goods are delivered to and accepted by the buyer.

FRS 1: 112, 117

2. Summary of significant accounting policies (Continued)

2.4 Revenue recognition (Continued)

Rendering of services

FRS 18: 20

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract provided the amount of revenue, stage of completion and associated cost can be measured reliably and it is probable that the consideration will be received. The stage of completion of the contract is determined as follows:

- installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the financial year; and
- revenue from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts (see below).

Interest income

FRS 18: 30(a)

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

FRS 18: 30 (c)

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Royalties

FRS 18: 30 (b)

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Rental income

FRS 17: 50;
INT FRS 15: 4

Rental income from investment property is recognised on a straight-line basis over the term of the relevant lease.

An accounting policy should be included for each significant source of revenue and should be tailored to the particular circumstances of the entity concerned, focusing particularly on the more judgemental aspects of revenue recognition such as provisions for returns or discounts.

FRS 1: 112, 117

2. Summary of significant accounting policies (Continued)

2.5 Borrowing costs

FRS 23: 8
FRS 23: 12
FRS 23: 14

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

FRS 23: 8

All other borrowing costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

2.6 Retirement benefit costs

FRS 19: 44

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2.7 Employee leave entitlements

FRS 19: 11

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

2.8 Taxes

FRS 12: 6

Income tax expense represents the sum of the tax currently payable and deferred tax.

<u>Current income tax</u>

FRS 12: 5
FRS 12: 46

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

<u>Deferred tax</u>

FRS 12: 5
FRS 12: 24
FRS 12: 15

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

FRS 12: 39

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

FRS 1: 112, 117

2. Summary of significant accounting policies (Continued)

2.8 Income tax (Continued)

FRS 12: 56

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

FRS 12: 47

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

FRS 12: 51

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects to recover or settle its assets and liabilities, except for investment properties at fair value which are presumed to be recovered through sale.

FRS 12: 74

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

FRS 12: 58
FRS 12: 66

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Sales tax

FRS 18: 8

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchase of assets or services in not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

2.9 Dividends

FRS 10: 12, 13
FRS 32: 35

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders.

2.10 Foreign currency transactions and translation

FRS 21: 21
FRS 21: 23

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

FRS 1: 112, 117 **2. Summary of significant accounting policies** (Continued)

2.10 Foreign currency transactions and translation (Continued)

FRS: 21: 28 Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or FRS 21: 30 loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

FRS 23: 6(e) Exchange differences which relate to assets under construction for future productive use, are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

FRS 21: 39 For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency FRS 21: 48 translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

FRS 21: 32 On consolidation, exchange differences arising from the translation of the net investment in foreign entities (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 foreign currency translation reserve.

FRS 21: 47 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.

2.11 Property, plant and equipment

FRS 16: 31 Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

FRS 16: 31 Land and buildings are revalued by independent professional valuers with sufficient regularity such that the carrying amounts do not differ materially from those which would be determined using fair values at the end of the financial year.

FRS 16: 39 Any revaluation increase arising from the revaluation of such land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged to profit FRS 16: 40 or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

FRS 16: 30 Plant and equipment are stated at cost less accumulated depreciation and any FRS 16: 16 accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs 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. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

FRS 1: 112, 117

2. Summary of significant accounting policies (Continued)

2.11 Property, plant and equipment (Continued)

FRS 16: 50
FRS 16: 73(b)
FRS 16: 73(c)

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold land	1% to 2%
Buildings	2% to 4%
Plant machinery and equipment	20%
Motor vehicles	33.33%
Computers and software	33.33%
Furniture and fittings	20%

No depreciation is charged on construction-in-progress as they are not yet in use as at the end of the financial year.

FRS 36: 9

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

FRS 16: 51, 61

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

FRS 17: 27

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

FRS 16: 67

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

FRS 16: 41

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Any amount in the revaluation reserve relating to that asset is transferred to retained earnings directly.

2.12 Investment property

FRS 40: 20
FRS 40: 33, 35

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

FRS 40: 69

Investment property is subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvement are charged to profit or loss when incurred.

On disposal or retirement of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

FRS 1: 112, 117

2. Summary of significant accounting policies (Continued)

2.12 Investment property (Continued)

Commentary

FRS 40: 75(c)
FRS 1: 122

(i) When judgement is required to determine the portions of investment property, owner-occupied property and property held for sale in the ordinary course of business, the entity shall disclose the criteria used to distinguish them and the judgements involved.

FRS 40: 6
FRS 40: 75(b)

(ii) A property interest that is held by a lessee under an operating lease may be classified and accounted for as an investment property, if and only if, the property would otherwise meet the definition of an investment property and the lessee uses the fair value model to account for the asset recognised. Once this classification is selected for the property held under the operating lease, all properties classified as investment property shall be accounted for using the fair value model. The entity shall disclose in what circumstances that the property interests held under operating leases are classified and accounted for as investment property.

FRS 40: 30, 34

(iii) The entity can choose to apply the fair value model or the cost model to its investment property with the exception of where the entity, as a lessee, classifies a property interest held by it under an operating lease as investment property.

Then where the entity chooses to apply the cost model to its investment property, the following illustrative accounting policy may be disclosed:

FRS 40: 56
FRS 40: 79(a), (b)

Investment property, which is property held to earn rentals and/or for capital appreciation is initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses. Depreciation is charged, using the straight-line method, so as to write off the cost over their estimated useful lives of [ ] years. The residual values, useful lives and depreciation method of investment properties are reviewed and adjusted as appropriate, at the end of each financial year. The effects of any revision are included in profit or loss when the changes arise.

FRS 40: 79(e)

(iv) Under the cost model, the fair value of investment property shall be disclosed at the end of each financial year. In exceptional cases where the entity cannot determine the fair value of investment property reliably, it shall disclose:

(a) A description of the investment property;
(b) An explanation of why fair value cannot be determined reliably; and
(c) If possible, the range of estimates within fair value is highly likely to lie.

2.13 Intangible assets

Goodwill

FRS 103: 32
FRS 103: 54

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

FRS 36: 80
FRS 36: 90
FRS 36: 124

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

FRS 1: 112, 117

2. Summary of significant accounting policies (Continued)

2.13 Intangible assets (Continued)

Goodwill (Continued)

FRS 36: 86(a)

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

FRS 28: 23(a)
FRS 28: 23(b)

Goodwill on associates is included in 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 identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Computer software

FRS 38: 24, 27

Acquired computer software licences are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured is added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

FRS 38: 74
FRS 38: 97

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 3 years.

Research and development

FRS 38: 54

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

FRS 38: 57

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised, if, any only if, all the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

FRS 38: 65

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

FRS 38: 97

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately, over a useful life of five years.

FRS 38: 104

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at the end of each financial year. The effects of any revisions are recognised in profit or loss when the changes arise.

FRS 1: 112, 117

2. Summary of significant accounting policies (Continued)

2.13 Intangible assets (Continued)

Commentary

The following illustrative accounting policies may be disclosed where applicable:

(i) *Club memberships*

FRS 38: 107

Club memberships are stated at cost less any impairment loss.

(ii) ***Trademarks and licences***

FRS 38: 74
FRS 38: 97

Trademarks and licences are stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 15 to 20 years, which is the shorter of their estimated useful lives and periods of contractual rights.

(iii) ***Intangible assets acquired in a business combination***

FRS 38: 33, 34

Intangible assets acquired in a business combination are identified and recognised separately from goodwill if the assets and their fair values can be measured reliably. The cost of such intangible assets is their fair value as at the acquisition date.

FRS 38: 74

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

(iv) ***Land use rights***[1]

FRS 38: 74
FRS 38: 97

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over the lease term of 25 years.

FRS 38: 97

[1] It is assumed that the lease does not transfer substantially all the risks and rewards incidental to ownership of land. Therefore, the lease is an operating lease and the payments made on acquiring the land-use right represent prepaid lease payments.

FRS 1: 112, 117

2. Summary of significant accounting policies (Continued)

2.14 Associates

FRS 28: 2

An associate is an entity over which the Group has significant influence, but 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.

FRS 28: 13
FRS 28: 11

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment loss of individual investments. Any premium paid for an associate above the fair value at the group's share of identifiable net assets is included in the carrying amount of the associate.

FRS 28: 29, 30

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

FRS 28: 22

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. This applies to unrealised losses which are also eliminated but only to the extent that there is no impairment.

2.15 Joint ventures

FRS 31: 3

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, which is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

FRS 31: 15

Where a Group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

FRS 31: 24
FRS 31: 30

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary (see above).

FRS 31:49

Where the Group transacts with its jointly controlled entities, unrealised profits are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

FRS 1: 112, 117

2. Summary of significant accounting policies (Continued)

2.15 Joint venture (Continued)

Commentary

FRS 31: 38

Jointly-controlled entities may also be consistently accounted for using the equity method and when so, the policy described in Note 2.14 can be considered.

2.16 Impairment of non-financial assets excluding goodwill

FRS 36: 9
FRS 36: 22

At the end of each financial year, the Group reviews the carrying amounts of its tangible and intangible 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.

FRS 36: 24

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

FRS 36: 6
FRS 36: 30, 31

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its 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.

FRS 36: 59
FRS 36: 60

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 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.

FRS 36: 114
FSR 36: 117
FRS 36: 119

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 reversal of an impairment loss is recognised immediately in 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.

2.17 Financial instruments

FRS 39: 14

Financial assets and financial liabilities are recognised on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method *(optional disclosure)*

FRS 39: 9

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

FRS 1: 112, 117

2. Summary of significant accounting policies (Continued)

2.17 Financial instruments (Continued)

Financial assets

FRS 39: 43

All financial assets are recognised on a trade date where the purchase of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

FRS 39: 9

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

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

FSR 39: 9

Financial assets are classified as FVTPL if the financial asset is either held for trading or is designated as such upon initial recognition.

A financial asset is classified as held-for-trading if it has been acquired principally for the purpose of selling in the short term; or if it is part of an identified portfolio of financial instruments with a recent actual pattern of short-term profit-taking and which is managed by the Group; or if it is a derivative that is not designated and effective as a hedging instrument. The Group has not designated any financial assets as FVTPL upon initial recognition.

FRS 39: 55(a)
FRS 107: AGB5(e)

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Held-to-maturity investments

FRS 39: 9, 46(b), 56

Bonds with fixed or determinable payments and fixed maturity dates where the Group has a positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method, less impairment, with revenue recognised on an effective yield basis.

Loans and receivables

FRS 39: 9, 46(a), 56

Non-derivative financial assets which have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, using the effective interest method, less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Group's loans and receivables in the statement of financial position comprise trade and other receivables and cash and cash equivalents.

FRS 1: 112, 117

2. Summary of significant accounting policies (Continued)

2.17 Financial instruments (Continued)

Financial assets (Continued)

Available-for-sale financial assets (AFS)

FRS 39: 9, 46, 55(b)

FRS 107: AGB5(b)

Certain shares and debt securities held by the Group are classified as AFS if they are not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised directly in the available-for-sale reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale reserve is included in profit or loss for the period.

FRS 39: 46(c)

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

Impairment of financial assets

FRS 39: 58

Financial assets, other than FVTPL, are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that the estimated future cash flows of the investment have been impacted.

FRS 39: 63

For financial assets carried at amortised cost, the amount of the impairment 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.

FRS 39: 63

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

FRS 39: 65, 69, 70

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

FRS 39: 67, 68, 66

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity, except for impairment losses on equity instruments at cost which are not reversed.

Derecognition of financial assets

FRS 39: 17, 20

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

FRS 39: 26

On derecognition, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in profit or loss.

FRS 1: 112, 117

2. Summary of significant accounting policies (Continued)

2.17 Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

FRS 39: 14

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

FRS: 32:11, 37

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

FRS 32: 33

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale issue or cancellation of treasury shares.

CA 76G

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

Financial liabilities

FRS 39:9

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading, including derivatives not designated and effective as a hedging instrument; or it is designated as such upon initial recognition. The Group has not designated any financial liabilities as FVTPL upon initial recognition.

Other financial liabilities

Trade and other payables

FRS 39: 43, 47

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Borrowings

FRS 39: 43,47

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see above).

FRS 1: 112, 117

2. Summary of significant accounting policies (Continued)

2.17 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Other financial liabilities (Continued)

Financial guarantee contracts

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment term.

FRS 39: 43
FRS: 47(c)

Financial guarantee contract liabilities are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of the obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised, less cumulative amortisation in accordance with FRS 18 *Revenue*.

Derecognition of financial liabilities

FRS 39: 39

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

Derivative financial instruments and hedging activities

FRS 39: 43, 47

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps.

FRS 39: 71

Derivatives are initially recognised at their fair values at the date the derivative contract is entered into and are subsequently re-measured to their fair values at the end of each financial year. The method of recognising the resulting gain or loss depends on whether the derivative is designated and effective as a hedging instrument, and if so, the nature of the item being hedged. The Group has not designated any of its derivatives as hedging instruments in the current or previous financial year.

FRS 39: 55

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

FRS 1: 112, 117

2. Summary of significant accounting policies (Continued)

2.17 Financial instruments (Continued)

Commentary

Where applicable, please include the following:

Redeemable preference shares

FRS 32: 18(a), 36

Preference shares which are mandatorily redeemable on a specific date are classified as liabilities. The dividends on these preference shares are recognised as finance expenses.

Convertible loan notes

FRS 32: 15, 28, 29, 32

Convertible loan notes are regarded as compound instruments, consisting of a liability component and an equity component. The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability, on an amortised cost basis until extinguished upon conversion or at the instruments maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently re-measured.

Embedded derivatives

FRS 39: 11

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value where changes in fair value are recognised in profit or loss.

2.18 Inventories

FRS 2: 9, 10, 36(a)

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

FRS 2: 6

2.19 Construction contracts

FRS 11: 22, 39(b), 39(c) 11: 36

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the financial year (percentage-of-completion method), except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer. The Group measures stage of completion based on the proportion of contract costs incurred to date compared to expected total contract costs.

FRS 1: 112, 117

2. Summary of significant accounting policies (Continued)

2.19 Construction contracts (Continued)

FRS 11: 32
FRS 11: 36

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

FRS 11: 43
FRS 11: 44

At the end of the financial year, the aggregated costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented on the face of the statement of financial position as "Amounts due from contract customers". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as "Amounts due to contract customers".

Progress billings not yet paid by customers and retentions are included within "Trade and other receivables".

Commentary

Where applicable, please include the following:

Development properties

FRS 2: 6(a), (b)
FRS 2: 9

Development properties are held or developed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation. Development properties are held as inventories and are measured at the lower of cost and net realisable value.

FRS 2: 23

The costs of the development properties include:

(a) Freehold and leasehold rights for land;
(b) amounts paid to contractors for construction; and
(c) borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

FRS 2: 6, 36(a)

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of inventory recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

FRS 1: 112, 117

2. Summary of significant accounting policies (Continued)

2.19 Construction contracts (Continued)

Commentary

Where applicable, please include the following:

Sale of property under development

Where property is under development and agreement has been reached to sell such property when construction is complete, the directors consider whether the contract comprises:

(a) a contract to construct a property; or
(b) a contract for the sale of a completed property.

INT FRS 115: 13

When a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

INT FRS 115: 17

Where the contract is judged to be for the sale of completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer. If, however, the legal terms of the contract are such that the construction represents continuous transfer of work-in-progress to the purchaser, the percentage of completion method of revenue recognition method is applied and revenue is recognised as work progresses. In such situations, the percentage of work completed is measured based on the costs incurred up until the end of the reporting period as a proportion of total costs expected to be incurred.

2.20 Cash and cash equivalents

FRS 7: 46

Cash and cash equivalents comprise cash on hand and demand deposits, bank overdrafts and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.21 Non-current assets (or disposal groups) held for sale and discontinued operations

FRS 105: 6
FRS 105: 7
FRS 105: 8

Non-current assets (or disposal groups) are classified as held-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

FRS 105: 15, 25
FRS 105: 20
FRS 105: 21, 22

Non-current assets (and disposal groups) classified as held-for-sale are measured at the lower of the asset's previous carrying amount and fair value less costs to sell. The assets are not depreciated or amortised while classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

FRS 105: 32

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and

(a) represents a separate major line of business or geographical area of operations;
(b) is part of a single co-ordinated plan to dispose of a separate major line or geographical area of operations; or
(c) is a subsidiary acquired exclusively with a view to resale.

FRS 1: 112, 117 **2. Summary of significant accounting policies** (Continued)

2.22 Leases

Finance leases

FRS 17: 4

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

FRS 17: 20

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to the acquisition, construction of production of qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see above).

Operating Leases

FRS 17: 33
INT FRS 15: 5

Rentals payable under operating leases (net of any incentives received from lessors) are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Commentary

Where the Group is a lessor, please include the following accounting policy under ***Leases***:

Lessor

FRS 17: 36, 39

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

FRS 17: 50, 52

Rental income from operating leases (net of any incentives given to lessees) is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which user benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

FRS 1: 112, 117

2. Summary of significant accounting policies (Continued)

2.23 Provisions

FRS 37: 14

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

FRS 37: 42
FRS 37: 45

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

FRS 37: 53

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

FRS 37: 59

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.24 Contingencies

FRS 37: 10

A contingent liability is:

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

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

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

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

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

FRS 37: 27, 31

Contingencies are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair value can be reliably determined.

FRS 1: 112, 117

2. Summary of significant accounting policies (Continued)

2.25 Government grants

FRS 20: 39(a)
FRS 20: 7
FRS 20:23, 24
FRS 20: 26

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

2.26 Segment reporting

FRS 108: 5

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

Commentary

Where there are share-based payments, please include the following accounting policy:

FRS 102: 10, 16, 19, 20

Share-based payments

The Group issues equity-settled and cash-settled share-based payments to certain employees.

Equity-settled share-based payments are measured at fair value of the equity instruments (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest and adjusted for the effect of non market-based vesting conditions. At the end of each financial year, the Group revises the estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised over the remaining vesting period with a corresponding adjustment to the equity-settled employee benefits reserve.

FRS 102: 47(a)
FRS 102: 30

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

FRS 102: 30

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at the end of each financial year, with movements recognised in profit or loss.

FRS 1: 122, 125

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These 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.

FRS 1: 123

3.1 Critical judgements made in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Group's accounting policies and which have a significant effect on the amounts recognised in the financial statements.

Impairment of available-for-sale equity instrument

At the end of each financial year, an assessment is made on whether there is objective evidence that an available-for-sale equity instrument is impaired. A significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the asset is impaired. Judgement is used in determining what a significant or prolonged decline is. As a Group policy, available-for-sale investments in equity securities are assessed for impairment when the market value as at the end of the financial year is ___ or more below cost, or the market value remained below cost for the previous 12 months or longer.

Commentary

Illustrative example disclosures of other judgements made in applying accounting policies:

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entities in the Group, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on the local management's assessment of the economic environment in which the entities operate and the respective entities' process of determining sales prices.

Company's Level

Consolidation of subsidiary

The Company holds a 49% equity interest in [subsidiary's name]. However, the Company has majority representation on the entity's board or directors and is required to approve all major operational decisions. The operations, once they commence, will be solely used by the Company. Based on these facts and circumstances, management concluded that the Company controls this entity and therefore, consolidates the entity in its financial statements.

FRS 1: 122, 125

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

FRS 1: 123

3.1 Critical judgements made in applying the entity's accounting policies (Continued)

Commentary

Where no critical judgements are made, please refer to the following illustrative disclosure for guidance:

Management is of the opinion that there are no critical judgements (other than those involving estimates) that have a significant effect on the amounts recognised in the financial statements.

FRS 1: 125

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial year, 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.

Impairment of investments in subsidiaries

At the end of each financial year, an assessment is made on whether there is objective evidence that the investments in subsidiaries are impaired. The management's assessment is based on the estimation of the value-in-use of the cash-generating unit ("CGU") by forecasting the expected future cash flows for a period up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows. The Company's carrying amount of investments in subsidiaries as at 31 December 2012 was _________ (2011:___________) (Note 16).

Allowance for trade and other receivables

The provision policy for doubtful debts of the Group is based on the ageing analysis and management's ongoing evaluation of the recoverability of the outstanding receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, as discussed in Note 23, including the assessment of the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Group's and the Company's trade and other receivables as at 31 December 2012 were $_______(2011: $_______) and $________(2011: $________) respectively.

Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment, using the straight-line method, over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amounts of the Group's and the Company's property, plant and equipment at 31 December 2012 were $_______ (2011: $________) and $_________ (2011: $_________) respectively (Note 12).

FRS 1: 122, 125

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

FRS 1: 125

3.2 Key sources of estimation uncertainty (Continued)

Inventory valuation method

Inventory is valued at the lower of actual cost and net realisable value. Cost is determined primarily using the weighted average method. Market price is generally the merchandise's selling price quoted from the market of similar items. Management reviews the Group's inventory levels in order to identify slow-moving and obsolete merchandise and identifies items of inventory which have a market price that is lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory. Changes in demand levels, technological developments and pricing competition could affect the salability and values of the inventory which could then consequentially impact the Group's and Company's results, cash flows and financial position. The carrying amount of the Group's inventories was $ _______ (2011: $________) and the allowance on inventory was $________ (2011: $_________) (Note 22).

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units (CGU) to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. No impairment loss was recognised during the financial year. The carrying amount of goodwill as at 31 December 2012 was $________ (2011: $________) (Note 14).

Warranties

Provision for warranties is based on current volumes of products sold and which are still under warranty, historical product failure rates for the preceding 3 to 5 years as well as estimates and assumptions on future product failure rates and an estimate of the costs to remedy the various qualitative issues that might occur. Changes in claim rates and differences between actual and expected warranty costs could impact warranty obligation estimates which could consequentially impact the Group's results and financial position. The carrying amount of the provision for warranties as at 31 December 2012 was $_______ (2011: $____) (Note 31).

Provision for income taxes

The Group has exposure to income taxes in several jurisdictions of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made. The carrying amounts of the Group's and Company's current tax payable as at 31 December 2012 was $______ (2011: $_______) and $_______ (2011: $______) respectively.

Commentary

Where there are no key sources of estimation uncertainty, please refer to the following illustrative disclosures for guidance:

Management is of the opinion that there are no key sources of estimation uncertainty at the end of the financial year that have a significant effect on the amounts of assets and liabilities within the next financial year.

4. Revenue

		Group	
		2012	2011
		$'000	$'000
	Continuing operations		
FRS 18: 35(b)(i)	Sale of goods		
FRS 11: 39(a)	Revenue from construction contracts		
FRS 18: 35(b)(ii)	Rendering of services		
	Discontinued operations		
	Sale of goods (Note 9)		

5. Other income

		Group	
		2012	2011
		$'000	$'000
	Continuing operations		
FRS 21: 52(a)	Foreign exchange gain, net		
FRS 1: 98(c)	Gain on disposal of property, plant and equipment		
FRS 1: 98(d)	Gain on disposal of subsidiary (Note 16)		
	Management fee income		
FRS 40: 75(f)(i)	Rental income from investment properties (Note 13)		
FRS 40: 76(d)	Fair value gain on investment properties (Note 13)		
FRS 107: 20(a)(i)	Fair value gain arising from derivative financial instruments		
	Government grant		
	Others		

6. Finance costs

		Group	
		2012	2011
		$'000	$'000
	Continuing operations		
FRS 107: 20(b)	Interest expenses on:		
	- Finances leases		
	- Bank loans and overdrafts		
	Discontinued operation		
	Interest expenses on:		
	- Bank loans and overdrafts (Note 9)		

7. Profit before tax

In addition to the charges and credits disclosed elsewhere in the notes to the statement of comprehensive income, the above includes the following charges/(credits):

		Group					
		Continuing operations		Discontinued operation		Total	
		2012	2011	2012	2011	2012	2011
		$'000	$'000	$'000	$'000	$'000	$'000
FRS 2: 36(d)	Cost of inventories recognised as expense						
CA 201: 8	Audit fees paid to auditors:						
	Auditors of the Company						
	Other auditors						
	Non-audit fees paid to auditors:						
	Auditors of the Company						
	Other auditors						
	Directors' fees:						
	Directors of the Company						
	Directors of the subsidiaries						
	Directors' remuneration other than fees:						
	Directors of the Company						
	Short-term benefits						
	Post-employment benefits						
	Other long-term benefits						
	Directors of the subsidiaries						
	Short-term benefits						
	Post-employment benefits						
	Other long-term benefits						
FRS 1: 104	Staff costs (excluding directors' remuneration)						
FRS 19: 46	Costs of defined contribution plans included in staff costs						
FRS 17: 35(c)	Operating lease payments						
FRS 1: 104	Depreciation of property, plant and and equipment (Note 12)						
FRS 1: 104	Amortisation of other intangible assets (Note 15)						
FRS 38: 126	Research and development costs [1]						

[1] This is included in the "Administrative expenses" line item in the Group's profit or loss for the financial year then ended.

7. Profit before tax (Continued)

		Group					
		Continuing operations		Discontinued operation		Total	
		2012	2011	2012	2011	2012	2011
		$'000	$'000	$'000	$'000	$'000	$'000
FRS 107: 20(e)	Impairment loss on:						
	Goodwill [2] (Note 14)						
	Investments in subsidiaries [2] (Note 16)						
	Available-for-sale investments [2] (Note 21)						
	Trade receivables [2] (Note 23)						
	Reversals of impairment losses on:						
	Investments in subsidiaries [2] (Note 16)						
	Trade receivables [2] (Note 23)						
FRS 107: 20(a)(i)	Fair value loss arising from held-for-trading investments [2] (Note 25)						

[2] This is included in the "Other expenses" line item in the Group's profit or loss for the financial year then ended.

Commentary

SGX 1207: 6(a) — If there are no audit or non-audit fees paid, the annual report should include an appropriate negative statement.

FRS 1: 97, 98 — This note includes disclosures on the nature of expenses for a company presenting its expenses by function in the statement of comprehensive income.

The nature and amount of any individually material items of income or expense, being those of such size, nature or incidence that their disclosure is relevant to explain the performance of the entity for the period, must be disclosed. For example:

(a) write-downs of inventories or property, plant and equipment and reversals of write-downs
(b) restructuring provisions and their reversals
(c) disposals of property, plant and equipment
(d) disposals of investments
(e) litigation settlements
(f) other reversals of provisions
(g) minimum lease payments
(h) contingent rents and sub-lease payments.

FRS 12: 79

8. Income tax expense

		Group					
		Continuing operations		Discontinued operation		Total	
		2012	2011	2012	2011	2012	2011
		$'000	$'000	$'000	$'000	$'000	$'000
	Current income tax						
FRS 12: 80(a)	- Current						
FRS 12: 80(b)	- (Over)/under provision in prior years						
FRS 12: 80(c), (f), (g)	Deferred tax						
	- Current						
	- Recognition of previously unrecognised tax losses						
	Total income tax expense in consolidated income statement						

FRS 12: 81(d)

Domestic income tax is calculated at [%] (2011: [%]) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

FRS 12: 81(c)

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of [%] (2011: [%]) to profit before income tax as a result of the following differences:

	Group	
	2012	2011
	$'000	$'000
Profit before income tax from		
- continued operations		
- discontinued operations (Note 9)		

FRS 12: 79

8. Income tax expense (Continued)

	Group	
	2012	2011
	$'000	$'000
Income tax at statutory rate		
Add/(Less):		
Tax effect of share of results of associates		
Effect of different tax rates of overseas operations		
Effect of income not subject to tax		
Utilisation of previously unrecognised deferred tax benefits		
Overprovision in prior years		
Effect of non-allowable items		
Unrecognised deferred tax benefits		
Others		
Total tax expense		

9. Discontinued operation and disposal group classified as held-for-sale

FRS 105: 41(a), (b), (d)

On 25 October 2012, management and shareholders resolved to dispose of one of the Group's subsidiaries, XXX Thailand Co., Ltd., whose principal activities were those of manufacturing and sale of LED screens. The assets and liabilities related to XXX Thailand Co., Ltd. are classified as a disposal group held-for-sale on the statement of financial position, and the results from XXX Thailand Co., Ltd. are presented separately on the consolidated statement of comprehensive income as "Discontinued operation". The Group ceased the subsidiary's operations on 7 December 2012. The operations comprise of the Group's plasma screens business segment.

Negotiations with several interested parties have subsequently taken place and the transactions are expected to be completed within twelve months.

The proceeds of the disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss has been recognised on the classification of these operations as held-for-sale.

FRS 105: 33(b)

The results of the discontinued operation from 1 January 2012 to 7 December 2012 are as follows:

		2012	2011
		$'000	$'000
	Revenue		
	Cost of sales		
	Distribution expenses		
	General and administrative expenses		
	Finance costs		
	Profit/(Loss) before tax from discontinued operation		
FRS 12: 81(h)(ii)	Income tax expense		
FRS 105:33(b)(iii)	Profit/(Loss) after tax from discontinued operation		

9. Discontinued operation and disposal group classified as held for sale (Continued)

Commentary

Where fair value less cost to sell is lower than the carrying amount of the disposal group, please include the following:

The results of the re-measurement of the disposal group are as follows:

	2012	***2011***
	$'000	***$'000***
Pre-tax loss recognised on the measurement to fair value less cost to sell on disposal group		
Tax		
After-tax loss recognised on the measurement to fair value less cost to sell on disposal group		
FRS 12: 81(h)(ii) *Total profit/(loss) from discontinued operation*		

FRS 105: 33(c)

The impact of the discontinued operations on the cash flows of the Group is as follows:

	2012	**2011**
	$'000	**$'000**
Operating cash inflows/(outflows)		
Investing cash inflows/(outflows)		
Financing cash inflows/(outflows)		
Total cash inflows/(outflows)		

FRS 105: 38

The major classes of assets and liabilities comprising the disposal group classified as held-for-sale are as follows:

	2012	**2011**
	$'000	**$'000**
Goodwill		
Property, plant and equipment		
Inventories		
Total assets classified as held-for-sale		
Trade and other payables		
Bank loans and overdrafts		
Total liabilities associated with assets classified a held-for-sales		
Net assets of disposal group classified as held-for-sale		

FRS 1: 90

10. Income tax relating to components of other comprehensive income

	Group					
	2012			2011		
	Before-tax amount	Tax (expense)/ benefit	Net-of-tax amount	Before-tax amount	Tax (expense)/ benefit	Net-of-tax amount
	$'000	$'000	$'000	$'000	$'000	$'000
Exchange differences on translating foreign operations						
Other exchange differences						
Available-for-sale financial assets						
Gain on revaluation of property						
Share of other comprehensive income of associates						
Other comprehensive income						

11. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

		Group	
		2012	2011
	Earnings	$'000	$'000
FRS 33: 70(a)	Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to the Company)		

		2012	2011
	Number of shares		
	Number of shares		
FRS 33: 70(b)	Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share		

From continuing operations:

	2012	2011
Earnings per share (cents)		
Basic and diluted		

FRS 33: 70(a) The calculation of the basic and diluted earnings per share from continuing operations attributable to the ordinary equity holders of the Company is based on the following data:

Earnings figures are calculated as follows:

Profit for the year attributable to equity holders of the Company		
Less: Profit for the year from discontinued operation		
Earnings for the purposes of basic and diluted earnings per share from continuing operations		

From discontinued operation:

FRS 33: 68 Basic and diluted earnings per share for the discontinued operation is [ ] cents per share (2011: [ ] cents per share), based on the profit for the year from the discontinued operation of $________ (2011: $_______) and the denominators detailed above for both basic and diluted earnings per share.

FRS 33: 70(c) The Group did not have any dilutive potential ordinary shares in the current or previous financial years.

11. Earnings per share (Continued)

Commentary

Diluted earnings per share

The illustrative disclosure shown is for an entity which does not have any dilutive potential ordinary shares and therefore basic and diluted earnings per share are the same. Where there are dilutive potential ordinary shares, please refer to the following illustrative disclosure:

For the calculation of diluted earnings per share, profit for the year attributable to equity holders of the Company and the weighted average number of ordinary shares are adjusted for the effects of dilutive potential ordinary shares assuming all options have been converted or exercised. The Group's potential ordinary shares comprise convertible loan notes and employee share options.

The calculation of basic and diluted earnings per share (EPS) is based on the following data:

		Continuing operations 2012 $'000	Discontinued operations 2012 $'000	Total 2012 $'000	Continuing operations 2011 $'000	Discontinued operations 2011 $'000	Total 2011 $'000
FRS 33: 70(a)	**Earnings**						
	Profit for the year and earnings used in basic EPS						
	Add interest on convertible debt						
	Less tax effect of above items						
FRS 33: 70(b)	Earnings used in diluted EPS						
	Number of shares	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
	Weighted average number of shares used in basic EPS						
	Effects of:						
	Convertible debt						
	Employee share options						
	Weighted average number of shares used in diluted EPS						
	Basic EPS (cents)						
FRS 33: 70(c)	Diluted EPS (cents)						

FRS 33: 70(c) __ million employee options (2011: __ million) have not been included in the calculation of diluted EPS because their exercise is contingent on the satisfaction of certain criteria that had not been met at 31 December. The total number of options in issue is disclosed in Note __.

11. Earnings per share (Continued)

Commentary (Continued)

Changes affecting earnings per share

FRS 33: 64

Where there is a change in the accounting policy that has a material impact on the reported basic and diluted earnings per share, please refer to the illustrative disclosure as follows for guidance:

The impact of adopting [description of the revised accounting policy] in the current financial year on reported basic and diluted earnings per share:

To the extent that the adoption of the revised accounting policy has an impact on results disclosed above, they have a corresponding impact on the amounts reported for earnings per share as follows:

	Impact on basic earnings per share		*Impact on diluted earnings per share*	
	2012	***2011***	***2012***	***2011***
	cents	***cents***	***cents***	***cents***
Adoption of [description of revised accounting policy]				

Where the revised accounting policy does not have a material impact on the reported basic and diluted earnings per share, please refer to the following illustrative disclosure:

The change does not materially affect the reported basic and diluted earnings per share for the financial year ended 31 December 2012. (see Note 2.1)

FRS 33: 70(d)

If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalisation, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively, including where these changes occur after the reporting date but before the financial statements are authorised.

Other ordinary share or potential ordinary share transactions than those resulting from a capitalisation, bonus issue or share split that occur after the reporting date shall be disclosed if they would have changed significantly the number of ordinary shares or potential ordinary shares outstanding at the end of the period if they had occurred before the end of the reporting period.

FRS 1: 77, 78(a)

12. Property, plant and equipment

FRS 16: 73(d), (e)

Group 2012	Leasehold land $'000	Buildings $'000	Plant machinery and equipment $'000	Motor vehicles $'000	Computers and software $'000	Furniture and fittings $'000	Construction-in-progress $'000	Total $'000
Cost or valuation								
Balance at 1 January 2012								
Additions								
Acquisition of subsidiaries								
Exchange translation differences								
Disposal of subsidiaries								
Disposals								
Reclassified as held-for-sale								
Revaluation								
Balance at 31 December 2012								
Comprising:								
At cost								
At valuation								

FRS 1: 77, 78(a)

12. Property, plant and equipment (Continued)

FRS 16: 73(d), (e)

Group 2012	Leasehold land $'000	Buildings $'000	Plant machinery and equipment $'000	Motor vehicles $'000	Computers and software $'000	Furniture and fittings $'000	Construction-in-progress $'000	Total $'000
Accumulated depreciation								
Balance at 1 January 2012								
Depreciation								
Exchange translation differences								
Disposal of a subsidiary								
Disposals								
Reclassified as held for sale								
Revaluation								
Balance at 31 December 2012								
Impairment								
Impairment loss recognised in the year ended 31 December 2010 and balance at 31 December 2012								
Carrying amount								
At 31 December 2012								

FRS 1: 77, 78(a)

12. Property, plant and equipment (Continued)

FRS 16: 73(d), (e)

Group 2011	Leasehold land $'000	Buildings $'000	Plant machinery and equipment $'000	Motor vehicles $'000	Computers and software $'000	Furniture and fittings $'000	Construction-in-progress $'000	Total $'000
Cost or valuation								
Balance at 1 January 2011								
Additions								
Acquisition of subsidiaries								
Exchange translation differences								
Disposal of subsidiaries								
Disposals								
Reclassified as held-for-sale								
Revaluation								
Balance at 31 December 2011								
Comprising:								
At cost								
At valuation								

FRS 1: 77, 78(a)

12. Property, plant and equipment (Continued)

FRS 16: 73(d), (e)

Group 2011	Leasehold land $'000	Buildings $'000	Plant machinery and equipment $'000	Motor vehicles $'000	Computers and software $'000	Furniture and fittings $'000	Construction-in-progress $'000	Total $'000
Accumulated depreciation								
Balance at 1 January 2011								
Depreciation								
Exchange translation differences								
Disposal of a subsidiary								
Disposals								
Reclassified as held for sale								
Revaluation								
Balance at 31 December 2011								
Impairment								
Impairment loss recognised in the year ended 31 December 2010 and balance at 31 December 2011								
Carrying amount								
At 31 December 2011								

FRS 16: 74(a)

12. Property, plant and equipment (Continued)

FRS 16: 73(d), (e)

Company 2012	**Motor vehicles $'000**	**Computers and software $'000**	**Furniture and fittings $'000**	**Total $'000**
Cost				
Balance at 1 January 2012				
Additions				
Disposals				
Balance at 31 December 2012				
Accumulated depreciation				
Balance at 1 January 2012				
Depreciation				
Disposals				
Balance at 31 December 2012				
Carrying amount				
At 31 December 2012				

Company 2011	**Motor vehicles $'000**	**Computers and software $'000**	**Furniture and fittings $'000**	**Total $'000**
Cost				
Balance at 1 January 2011				
Additions				
Disposals				
Balance at 31 December 2011				
Accumulated depreciation				
Balance at 1 January 2011				
Depreciation				
Disposals				
Balance at 31 December 2011				
Carrying amount				
At 31 December 2011				

12. Property, plant and equipment (Continued)

FRS 16: 74(a)

The carrying amounts of property, plant and equipment of the Group which were pledged as security for banking facilities are as follows:

	2012 $'000	2011 $'000
Leasehold land		
Buildings		

FRS 17: 31(a)

Plant machinery and equipment of the Group with carrying amount of $________ (2011: $______) were acquired under finance lease arrangements (Note 32).

FRS 7: 43

FRS 16: 74(a)

During the financial year, the Group acquired property, plant and equipment for an aggregate of $_______ of which $______ was acquired by means of finance leases. In addition, the Group's leasehold land and buildings with a carrying amount of $_________ (2011: $________) are mortgaged to secure bank borrowings (Note 33).

FRS 23: 26(a)

Borrowing costs of $_______ (2011: $_______) which arose on the financing specifically entered into for the construction of the machinery were capitalised by the Group during the financial year.

FRS 16: 77(a) - (d)

Leasehold land and buildings of the Group were revalued as at 31 December 2012 by Messrs Henry Butcher, an independent professional valuation firm, by reference to market evidence of recent transactions for similar properties. The valuation conforms to International Valuation Standards.

FRS 16: 77(e)

If the leasehold land and buildings of the Group stated at valuation were included in the financial statements at historical cost less accumulated depreciation and impairment loss, their carrying amounts would have been approximately $_________ (2011: $________) and $_________ (2011: $_________) respectively.

SGX 1207: 10(b)

Details of the leasehold land and buildings held by the Group as at 31 December 2012 are set out below:

Company	Location	Description	Tenure/ Unexpired term

Commentary

Where applicable, details are to be disclosed on any impairment losses recognised, for example:

FRS 36: 126(a), 130(a),(b),(c), (e), (g)

During the year, the Group carried out a review of the recoverable amount of its trading segment plant and equipment due to a deterioration in operating results following the loss of a key customer. The review led to the recognition of an impairment loss of $______ that has been recognised in profit or loss, and included in the line item [depreciation and amortisation expense/cost of sales]. The recoverable amount of the relevant assets has been determined on the basis of their value in use. The discount rate used in measuring value in use was ___. The discount rate used when the recoverable amount of these assets was previously estimated in [ ] was [%].

12. Property, plant and equipment (Continued)

Commentary

SGX 1207: 10(a)

SGX requires listed entities to disclose, in respect of land and buildings, a breakdown in the value in terms of freehold and leasehold in the annual report. Where properties have been revalued, the portion of the aggregate value of land and buildings that is based on valuation as well as the valuation date shall be stated.

Where the aggregate value for all properties for development or sale held by the Group represents more than 15% of the consolidated pre-tax operating profit, the issuer must disclose the following information as a note to the financial statements:

(a) a brief description and location of the property;
(b) if in the course of construction, the stage of completion as at the date of the financial statements and the expected completion date;
(c) the existing use;
(d) the site and gross floor area of the property; and
(e) the percentage interest in the property

Provided that if, in the opinion of the directors, the number of such properties is such that compliance with this requirement would result in particulars of excessive length being given, compliance is required only for properties, which in the opinion of the directors, are material.

13. Investment properties

		Group	
		2012	**2011**
		$'000	**$'000**
	At fair value		
	At 1 January		
FRS 40: 76(a)	Additions through subsequent expenditure		
FRS 40: 76(a)	Other acquisitions		
FRS 40: 76(g)	Disposals		
FRS 40: 76(d)	Net fair value gain recognised in profit or loss (Note 5)		
FRS 40: 76(e)	Exchange translation differences		
FRS 40: 76(f)	Transfers		
	At 31 December		

FRS 40: 75(d), (e)

The fair values of the Group's investment properties at 31 December 2012 and 2011 have been determined by independent professional valuers with recent experience in the location and category of the investment properties. The valuations were arrived at by reference to market evidence of transaction prices for similar properties, and were performed in accordance with International Valuation Standards.

All the Group's investment properties are held under freehold interests.

Commentary

FRS 40: 75(g)

Where applicable, the Group shall disclose existence and amounts of restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.

13. Investment properties (Continued)

The following amounts are recognised in profit or loss:

		Group	
		2012	2011
		$'000	$'000
FRS 40: 75(f)(i)	Rental income from investment properties (Note 5)		
FRS 40: 75(f)(ii)	Direct operating expenses (including repairs and maintenance) arising from rental-generating investment properties		
FRS 40: 75(f)(iii)	Direct operating expenses (including repairs and maintenance) arising from non-rental-generating investment properties		

Commentary

SGX 1207: 10(b)

For listed entities, where the aggregate value for all investment properties held by the Group represents more than 15% of the consolidated pre-tax operating profit, the issuer must disclose the following information as a note to the financial statements:

(a) a brief description and location of the property;
(b) the existing use; and
(c) whether the property is leasehold or freehold. If it is leasehold, state the unexpired term of the lease.

For users who have chosen to adopt the Cost Model upon compliance of FRS 40:34, the disclosure and presentation is similar to Note 12 *Properties, Plant and Equipment*. In addition, the user shall disclose the fair value of investment property unless the entity cannot determine the fair value of the investment property reliably, following which it shall disclose:

(a) a description of the investment property;
(b) an explanation of why fair value cannot determined reliably; and
(c) if possible, the range of estimates within which the fair value is likely to be.

<u>Valuation of investment properties</u>

FRS 40: 75(e)

If there has been no such valuation performed by an independent valuer, that fact should be disclosed.

FRS 40: 75(d)

When the valuation was more heavily based on other factors because of the nature of the property and there was a lack of comparable market data, the entity shall disclose the methods and significant assumptions applied in determining the fair value of investment property. For example:

The range of yields applied to the net annual rentals to determine the fair value of property for which current prices in an active market are unavailable is as follows:

Property	***Yield***
Jurong	*X% - X% (2011: X% - X%)*
Changi	*X% - X% (2011: X% - X%)*

<u>General description of the lessor's agreements</u>

FRS 17: 56(c)

User may disclose a general description of the lessor's leasing agreements in this note or in the note to Operating Lease Commitments (Note 36). For example: *The Group and Company lease out commercial space to non-related parties under non-cancellable operating leases. The lessees are required to pay either absolute fixed annual increase to the lease payments or contingent rents computed based on their sales achieved during the lease period.*

14. Goodwill

		Group	
		2012	2011
		$'000	$'000
	Cost:		
	At 1 January		
FRS 38: 118	Acquisition of subsidiaries (Note 16)		
FRS 38: 118	Disposal of subsidiaries (Note 16)		
	Attributable to disposal group held for sale (Note 9)		
FRS 38: 118(e)(vii)	Exchange translation differences		
	At 31 December		
	Impairment:		
	At 1 January		
FRS 38: 118(e)(v)	Impairment loss recognised in the year *		
	At 31 December		
	Carrying amount:		
	At 31 December		

* This is included in "Other expenses" in the Group's profit or loss for the financial year then ended.

FRS 36: 134(a)

Goodwill acquired in a business combination is allocated to the cash-generating units (CGU) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated to the following segments:

		Group	
	Manufacturing	Distribution	Trading
2012	$'000	$'000	$'000
Thailand			
Singapore			
China			
United States			
Others			
2011			
Thailand			
Singapore			
China			
United States			
Others			

FRS 36: 134(c)(d)

The recoverable amounts of the CGUs are determined from value-in-use calculations based on cash flow forecasts derived from the most recent financial budgets approved by management for the next five years. The key assumptions for these value-in-use calculations are those regarding the discount rates, growth rates and gross margins.

FRS 36: 134(d)(i), (iv), (v)

14. Goodwill (Continued)

Key assumptions used for value-in-use calculations:

	Manufacturing					Distribution					Trading				
	Singapore	Thailand	China	United States	Others	Singapore	Thailand	China	United States	Others	Singapore	Thailand	China	United States	Others
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
2012															
Gross margin [1]															
Growth rate [2]															
Discount rate [3]															
2012															
Gross margin [1]															
Growth rate [2]															
Discount rate [3]															

(1) Budgeted gross margin.
(2) Weighted average growth rate used to extrapolate cash flows beyond the budget period.
(3) Pre-tax discount rate applied to the pre-tax cash flow projections.

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates beyond the first five years are based on country and industry growth forecasts. Changes in gross margins are derived from expected changes in selling prices and direct costs based on past practices and expectations of future changes in the market conditions.

14. Goodwill (Continued)

The Group tests the CGUs for impairment annually, or more frequently when there is an indication that the unit may be impaired.

FRS 36: 134(f)

The impairment tests carried out as at 31 December 2012 indicated that the recoverable amount for the CGUs:
- Trading – Singapore exceeds its carrying amount by S$________ (2011: S$_____); and
- Distribution – Singapore exceeds its carrying amount by S$________ (2011: S$_____).

If any of the following changes were made to the above key assumptions, the carrying amount and recoverable amount for these CGUs would be equal.

	Trading – Singapore 2012 %	Distribution - Singapore 2012 %
Gross margin	reduction from __% to __%	reduction from __% to __%
Discount rate	increase from __% to __%	increase from __% to __%
Growth rate beyond year 5:	reduction from __% to __%	reduction from __% to __%

FRS 36: 130(a)(b)(d)(e)

During the year, one of the operating units in the trading segment in the United States lost one of its key customers. This had an adverse effect on the projected value in use of the operation concerned and consequently resulted in an impairment to goodwill of S$______. The Group has also reassessed the useful lives of its property, plant and equipment and determined that no change in the useful lives was required.

Commentary

FRS 36: 130(a)

For each material impairment loss recognised or reversed during the period the events and circumstances that led to the recognition or reversal of the impairment loss must be disclosed.

FRS 36: 134(f)

If a reasonably possible change in a key assumption on which management has based its determination of a CGU's recoverable amount would cause the carrying amount of a CGU to exceed its recoverable amount, the followings should be disclosed for each such CGU:

(i) the amount by which the recoverable amount exceeds the carrying amount
(ii) the value assigned to the key assumptions
(iii) the amount by which the value assigned to the key assumptions must change, after incorporating any consequential effects of that change on the other variables used to measure the recoverable amount, in order for the recoverable amount to be equal to its carrying amount

If in the view of management, there are no such reasonably possible changes to key assumptions, disclosure of that fact should be considered in order to address the disclosure requirements.

15. Other intangible assets

FRS 38: 118(c), (e)

2012	Computer software $'000	Group Development cost $'000	Total $'000
Cost:			
At 1 January			
Exchange translation differences			
Additions			
Disposals			
At 31 December			
Accumulated amortisation:			
At 1 January			
Exchange translation differences			
Amortisation for the year			
At 31 December			
Impairment:			
At 1 January and at 31 December *			
Carrying amount:			
At 31 December			

FRS 1: 38

2011	Computer software $'000	Group Development cost $'000	Total $'000
Cost:			
At 1 January			
Exchange translation differences			
Additions			
Disposals			
At 31 December			
Accumulated amortisation:			
At 1 January			
Exchange translation differences			
Amortisation for the year			
At 31 December			
Impairment:			
At 1 January and at 31 December *			
Carrying amount:			
At 31 December			

Commentary

* If there is any impairment loss recognised during the financial year, refer to the illustrative disclosures and guidance under Note 14 Goodwill on the requirements under FRS 36.

The line item in the profit or loss where the amortisation charge and any impairment loss is recognised need to be disclosed. In these financial statements the amortisation disclosure is in Note 7.

16. Investments in subsidiaries

		Company	
		2011	2010
		$'000	$'000
FRS 27R: 38(a)	Unquoted equity shares, at cost		
	Deemed investment arising from the issuance of financial guarantees		
	Allowance for impairment loss		

Movement in allowance for impairment loss is as follows:

		Company	
		2012	2011
		$'000	$'000
	Balance at 1 January		
FRS 36: 126(a)	Impairment loss recognised in the year *		
FRS 36: 126(b)	Reversal of impairment loss during the year *		
	Balance at 31 December		

* This is included in the "Other expenses" in the Company's profit or loss for the financial year then ended.

FRS 36: 130(a)

During the financial year, an impairment review was performed on the investment in DEF (PRC) Ltd due to the losses reported by this subsidiary as a result of increased raw material and component prices. This had an adverse effect on the projected value in use of the investment and consequently an impairment loss of $________ (2011: $_______) was recognised.

FRS 36: 130(a),(b)

A reversal of an allowance for impairment loss of $_______ (2011: $______) was recognised relating to the investment in YYY Thailand Co. Ltd following an improvement in market conditions that resulted in an increase in the projected value in use of this investment.

FRS 36: 126(a), 130(a) – (c),(e),(g)

The recoverable amounts have been determined from value-in-use calculations based on cash flow forecasts derived from the most recent financial budgets approved by management for the next five years. The key assumptions for these value-in-use calculations are those regarding the discount rates and growth rates. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the investment. The anticipated annual revenue growth rate is based on both past experience and industry growth forecasts.

(i) The anticipated annual revenue growth included in cash flow projections is [%] to [%] and the growth rate used to extrapolate beyond the five year period is [%]; and
(ii) The pre-tax discount rate is [%] (2010: [%]).

16. Investments in subsidiaries (Continued)

FRS 27R: 43(b)
FRS 24R: 12

The details of the subsidiaries are as follows:

Name of subsidiaries (Country of incorporation/ operation)	Principal activities	Effective equity interest held by the Group 2012 %	2011 %
XXX (Thailand) Co., Ltd. [(1)] (Thailand)	Manufacturing and sales of plasma screens		
YYY (Thailand) Co., Ltd. [(1)] (Thailand)	Manufacturing and sales of speaker products		
ZZZ (Philippines) Co., Ltd [(1)] (Philippines)	Manufacturing and sales of audio systems		
VVV (Singapore) Pte. Ltd. (Singapore)	Manufacturing and sales of speaker products		
XXX (China) Co., Ltd. [(2)] (PRC)	Manufacturing and sales of LED screens		
DEF (PRC) Ltd (PRC)	Manufacturing and sales of audio systems		

SGX 717, 178

(1) Audited by overseas member firms of the BDO network in the respective countries.
(2) Audited by another firm of auditors, XXX.

Commentary

SGX 717, 178

(i) Where significant subsidiaries are audited by another firm of auditors, the names of the other auditors are to be disclosed specifically, i.e. giving the full name of each such firm. A subsidiary is considered significant under the SGX-ST Listing Manual if its net tangible assets represent 20% or more of the issuer's consolidated net tangible assets, or its pre-tax profits account for 20% or more of the issuer's consolidated pre-tax profits.

(ii) Under the SGX-ST Listing Manual, an issuer may appoint different auditors for its significant subsidiaries or associates provided the Board and audit committee are satisfied it would not compromise the standard and effectiveness of the audit; or if the subsidiary or associate is listed on a stock exchange. An example of suitable disclosure in such as case would be:

SGX 716

In accordance with Rule 716 to the SGX-ST Listing Rules, the audit committee and Board have confirmed that they are satisfied the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Company.

(iii) Where applicable, please include the details of significant movements in the investments of the subsidiaries during the financial year.

16. Investments in subsidiaries (Continued)

Acquisition of subsidiary

FRS 103: B64(a), (b), (c), (d)

On 18 June 2012, the Company acquired 55% equity interest in XXX (China) Co., Ltd. Upon the acquisition, XXX (China) Co., Ltd became a subsidiary of the Group. The Company has acquired XXX China) Co., Ltd to strengthen its position in China, and to reduce costs through economies of scale.

The fair values of the identifiable assets and liabilities of XXX (China) Co., Ltd as at the date of acquisition were:

		Fair value recognised on date of acquisition
		$'000
FRS 103: B64(i)	Property, plant and equipment	
	Trade and other receivables	
	Inventories	
	Cash and cash equivalents	
	Trade and other payables	
	Provision for maintenance warranties	
	Deferred tax liability	
	Income tax payable	
	Net identifiable assets at fair value	
FRS 103: B64(o)(i)	Non-controlling interests measured at the non-controlling interests' proportionate share of XXX (China) Co., Ltd's net identifiable assets	
	Goodwill arising from acquisition	

FRS 103: B64(h)

The fair value of trade and other receivables is $________ and which includes trade receivables of $________. The gross contractual amounts of trade and other receivables are $_________ and $_________ respectively, of which $__________ and $_________ are expected to be uncollectible.

		$'000
FRS 103: B64(f)	Consideration for acquisition of 55% equity interest	
	- Cash paid	
	- 1,000,000 ordinary shares of ABC Singapore Limited issued at ____ each	
	Total consideration transferred	

16. Investments in subsidiaries (Continued)

FRS 103: B64(f)(iv)

In connection with the acquisition of the 55% equity interest in XXX (China) Co., Ltd, ABC Singapore Limited issued [ ] ordinary shares with a fair value of $_____each. The fair value of these shares is the published price of the shares at the acquisition date.

FRS 103: B64(m)

The attributable cost of the issuance of the shares as consideration of $______ has been recognised directly in equity as a deduction from share capital.

FRS 103: B64(q)

From the date of acquisition, XXX (China) Co., Ltd has contributed $_____ and $_____ to the revenue and profit net of tax of the Group respectively. If the combination had taken place at the beginning of the financial year, the Group's revenue and profits, net of tax would have been $_______ and $_______ respectively.

FRS 103: B64(e)

Goodwill of $__________ arising from the acquisition is attributable to the distribution network in China and the expected synergies from combining the operations of the Group with those of XXX (China) Co., Ltd. It also includes the value of a customer list, which has not been recognised separately as it does not meet the criteria for recognition as an intangible asset under FRS 38.

FRS 103: B64(k)

None of the goodwill is expected to be deductible for tax purposes.

FRS 103: B64(l), (m)

Transaction costs related to the acquisition of $_______ have been recognised in the "Administrative expenses" line item in the Group's profit or loss for the year ended 31 December 2012.

The effects of the acquisition of the subsidiary on cash flows are as follows:

		$'000
FRS 7: 40(a)	Total consideration for 55% equity interest acquired	
FRS 7: 43	Less: non-cash consideration	
	Consideration settled in cash	
FRS 7: 40(b)	Less: Cash and cash equivalents of subsidiary acquired	
FRS 7: 40(c)	Net cash inflow on acquisition	

Commentary

Acquisition of investment in subsidiaries

FRS 103: B64(g)

(i) Contingent consideration arrangements and indemnification assets

Where applicable, the entity shall disclose for the above-mentioned the following:

(a) the amount recognised as of the acquisition date;
(b) a description of the arrangement and the basis for determining the amount of the payment; and
(c) an estimate of the range of outcomes (undiscounted) or, if a range cannot be estimated, that fact and the reasons why a range cannot be estimated. If the maximum amount of the payment is unlimited, the acquirer shall disclose that fact.

16. Investments in subsidiaries (Continued)

Commentary (Continued)

FRS 103: B64(g)

(i) Contingent consideration arrangements and indemnification assets (Continued)

Illustrative guidance on disclosure of contingent consideration arrangements

As part of the purchase agreement, the Company agreed to pay the former owners of [acquiree] $________ cash if the entity achieves a cumulative net profit of $________ for a period of __ months after the acquisition date.

The fair value of the contingent consideration as at the acquisition date was estimated to amount to $________ and this was based on an estimated cumulative net profit of [acquiree] ranging from $________ to $_______ for the relevant period, discounted at 5% per annum.

As at 31 December 2012, the fair value of the contingent consideration is estimated to have increased by $_______ to $_______, as the estimated cumulative net profit in [acquiree] for the relevant period has been revised to be in the region of $_______ to $________. The increase in the fair value of the contingent consideration has been recognised in the "Administrative expense" line item in the profit or loss of the Group for the financial year ended 31 December 2012.

FRS 103: 19

(ii) Measurement of non-controlling interest at the date of acquisition

In this illustration, the Group has elected to measure the non-controlling interest arising from acquisition of XXX (China) Co., Ltd at the non-controlling interest's proportionate share of the entity's identifiable net assets.

If the entity chooses to measure non-controlling interest arising in a business combination at fair value, FRS 103: B64(o)(ii) requires the entity to disclose, for each of such business combinations, the valuation techniques and key model inputs used for determining that value.

Illustrative guidance

The fair value of the [%] non-controlling interest in [acquiree] of $________ was estimated by applying the income approach that is corroborated by market approach. The fair value estimates are based on the following:

(a) assumed discount rates ranging from [%] to [%] per annum;
(b) an assumed terminal value, calculated based on the long term sustainable growth rate for the industry ranging from [%] to [%], which has been used to determine income for the future years; and
(c) assumed adjustments because of the lack of control and marketability that participates would consider when estimating the fair value of the non-controlling interest in [acquire].

FRS 103: B64(p)

(iii) Step acquisitions

Where applicable, the entity is required to disclose the following:

(a) the acquisition-date fair value of the equity interest in the acquiree held by the acquirer immediately before the acquisition date; and
(b) the amount of any gain or loss recognised as a result of remeasuring to fair value the equity interest in the acquiree held by the acquirer before the business combination and the line item in the statement of comprehensive income in which that gain or loss is recognised.

16. Investments in subsidiaries (Continued)

Commentary (Continued)

(iii) Step acquisitions (Continued)

Illustrative guidance

On [date], ABC Singapore Limited acquired an additional [%] equity interest in [acquiree], Ltd from its non-controlling interests for a cash consideration of $_______. As a result of this acquisition, [acquiree] became a wholly-owned subsidiary of [acquirer]. The carrying value of the net assets of [acquiree] as acquisition date was $_______ and the carrying value of the additional interest acquired was $_________. The difference of $_________ between the consideration and the carrying value of the additional interests acquired has been recognised as a "Premium paid on acquisition of non-controlling interests" within equity.

The following summarises the effect of the change in the Group's ownership interest in [acquiree] on the equity attributable to owners of the parent:

	$'000
Consideration paid for acquisition of non-controlling interests	
Decrease in equity attributable to non-controlling interests	
Decrease in equity attributable to owners of the parent	

(iv) Provisional fair values

If the initial acquisition accounting for a business combination has not been completed by the end of the financial year in which the acquisition occurred, the acquirer may report provisional values in its financial statements for the incomplete items. During the allowed measurement period, the provisional amounts recognised at the acquisition accounts are adjusted retrospectively to reflect new information about facts and circumstances that existed at the acquisition date and, if known, would have affected their measurement at the acquisition date. Disclosures are required to indicate that provisional accounting is being used and subsequently on the effect of any adjustments. For example:

As the final valuation report has not been received from the independent valuers, the fair value of the acquired intangible assets of $_____ relating to brands have been accounted for at provisional amounts.

16. Investments in subsidiaries (Continued)

Disposal of subsidiary

FRS 7: 40(a) On 30 June 2012, the Company disposed of its entire interest in ZZZ (Philippines) Co., Ltd for cash consideration of $_________.

The effects of the disposal as at the date of disposal were:

		Carrying amount $'000
FRS 7: 40(d)	Property, plant and equipment	
FRS 7: 40(d)	Trade and other receivables	
FRS 7: 40(d)	Inventories	
FRS 7: 40(c)	Cash and cash equivalents	
	Trade and other payables	
FRS 7: 40(d)	Provision for maintenance warranties	
FRS 7: 40(d)	Deferred tax liability	
FRS 7: 40(d)	Income tax payable	
FRS 7: 40(d)	Net identifiable assets	

The effects of disposal of subsidiary on cash flows are as follows:

		2012 $'000
	Net identifiable assets disposed (as above)	
	Goodwill on disposal (Note 14)	
	Reclassification of currency translation reserve on disposal	
	Gain on disposal (Note 5)	
FRS 7: 40(a),(b)	Cash proceeds from disposal	
FRS 7: 40(c)	Cash and cash equivalents disposed	
	Net cash inflow on disposal	

17. Investments in associates

		Group		Company	
		2012	2011	2012	2011
		$'000	$'000	$'000	$'000
	Equity shares, at cost				
	Exchange differences				
FRS 28: 38	Share of post-acquisition results				
FRS 28: 39	Share of other comprehensive income				
FRS 28: 38	Carrying amount				
FRS 28: 37(a)	Fair value of investment in an associate for which there is a published price quotation				

The details of the associates are as follows:

FRS 27: 43

Name of associates (Country of incorporation/ operation)	Principal activities	Effective equity interest held by the Group	
		2012	2011
		%	%
ZZZ (Thai) Co., Ltd. [(1)] (Thailand)	Manufacturing and sales of speaker products		
AAA Malaysia Sdn. Bhd. [(2)] (Malaysia)	Manufacturing and sales of speaker products		

(1) Audited by overseas member firms of the BDO network in the respective countries.
(2) Audited by another firm of auditors, XXX.

Commentary

SGX 717, 718

(i) Where significant associates are audited by another firm of auditors, the names of the other auditors are to be disclosed specifically. An associate is considered significant if its net tangible assets represent 20% or more of the issuer's consolidated net tangible assets, or its pre-tax profits account for 20% or more of the issuer's consolidated pre-tax profits.

FRS 28: 37(e)

(ii) Where an associate's financial statements have a different reporting date from the Company's and the financials are consolidated using equity method, please refer to the following for an illustrative guide on the necessary disclosures:

FRS 28: 37(b)

The financial statements of [Name of Associates] are made up to [ ] each year. This was the financial reporting date established when the company was incorporated, and a change of reporting date is not permitted/made because [state reason]. For the purpose of applying the equity method of accounting, the financial statements of [ ] for the year ended [ ] have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and 31 December 2012.

17. Investments in associates (Continued)

FRS 28: 37(b)

Summarised financial information in respect of the Group's associates is set out as follows:

	Group	
	2012	**2011**
	$'000	**$'000**
Assets and liabilities:		
Total assets		
Total liabilities		
Net assets		
Group's share of associates' net assets		
Results		
Revenue		
Profit for the year		
Group's share of associates' profit for the year		
Share of associates' contingent liabilities incurred jointly with other investors (FRS 28: 40(a))		
Contingent liabilities relating to liabilities of associates for which the Company is severally liable (FRS 28: 40(b))		

FRS 28: 37(g)

The Group has not recognised losses relating to certain associates where its share of losses exceed the Group's carrying amount of its investment in those associates. The Group's cumulative share of unrecognised losses were $____________ (2011: $________) of which $________ (2011: $________) was the share of the current year's losses. The Group has no obligation in respect of those losses.

18. Investments in joint venture

FRS 31: 56

The following amounts are included in the Group's financial statements as a result of proportionate consolidation of ABC (M) Sdn Bhd:

	2012	**2011**
	$'000	**$'000**
Current assets		
Non-current assets		
Current liabilities		
Non-current liabilities		
Income		
Expenses		
Share of contingent liabilities of joint venture (FRS 31: 54 (b))		
Share of capital commitments of joint venture (FRS 31: 55 (b))		
Capital commitments on interest in joint venture (FRS 31: 55 (a))		

18. Investments in joint venture (Continued)

FRS 31: 56

The details of the joint venture are as follows:

Name of joint venture (Country of incorporation/ operation)	Principal activities	Effective equity interest held by the Group	
		2012 %	2011 %
ABC (M) Sdn. Bhd. [1] (Malaysia)	Manufacturing and sales of audio systems		

[1] Audited by another firm of auditors, XXX.

Commentary

SGX 717, 718

Where significant joint ventures are audited by another firm of auditors, the names of the other auditors are to be disclosed specifically. Guidelines similar to those applicable for associates (see above) may be used to determine if a joint venture is significant.

19. Deferred tax

	Group	
	2012 $'000	2011 $'000
Deferred tax liabilities		
Deferred tax assets		

The movement for the year in deferred tax position is as follows:

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
At 1 January				
Exchange translation differences				
Acquisition of subsidiary (Note 16)				
Disposal of subsidiary (Note 16)				
Credit/(Charge) to profit or loss				
Credit/(Charge) to equity				
At 31 December				

19. Deferred tax (Continued)

FRS 12: 81(g)

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the year.

Deferred tax liabilities

	Accelerated tax depreciation	Revaluation of building	Fair value adjustments	Others	Total
	$'000	$'000	$'000	$'000	$'000
Group					
At 1 January 2011					
Exchange translation differences					
(Charge)/Credit to profit or loss					
At 1 January 2012					
Exchange translation differences					
Acquisition of subsidiary (Note 16)					
Disposal of subsidiary (Note 16)					
(Charge)/Credit to profit or loss					
(Charge)/Credit to equity					
At 31 December 2012					

Deferred tax assets

	Provisions	Tax losses	Others	Total
	$'000	$'000	$'000	$'000
Group				
At 1 January 2011				
Exchange translation differences				
(Charge)/Credit to profit or loss				
At 1 January 2012				
Exchange translation differences				
Acquisition of subsidiary (Note 16)				
Disposal of subsidiary (Note 16)				
(Charge)/Credit to profit or loss				
(Charge)/Credit to equity				
At 31 December 2012				

19. Deferred tax (Continued)

Deferred tax liabilities

Company	Accelerated tax depreciation $'000	Others $'000	Total $'000
At 1 January 2011			
Exchange translation differences			
(Charge)/Credit to profit or loss			
At 1 January 2012			
(Charge)/Credit to equity			
Exchange translation differences			
(Charge)/Credit to profit or loss			
At 31 December 2012			

Deferred tax assets

	Provisions $'000	Tax losses $'000	Others $'000	Total $'000
At 1 January 2011				
Exchange translation differences				
(Charge)/Credit to profit or loss				
At 1 January 2012				
(Charge)/Credit to equity				
Exchange translation differences				
(Charge)/Credit to profit or loss				
At 31 December 2012				

FRS 12: 81(e)

At the end of the financial year, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is $________ (2011: $________). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

FRS 12: 81(e)

Subject to the agreement by relevant tax authorities, at the end of financial year, the Group has unutilised tax losses of $________ (2011: $________) available for offset against future profits. A deferred tax asset has been recognised in respect of $________ (2011: $________) of such losses. No deferred tax asset has been recognised in respect of the remaining $________ (2011: $________) due to the unpredictability of profit streams. These losses may be carried indefinitely subject to the conditions imposed by law.

FRS 12: 81(f)

Temporary differences arising in connection with interests in associates and jointly controlled entities are insignificant.

FRS 107: 31, 34

20. Held-to maturity investments

	Group and Company	
	2012	2011
	$'000	$'000
Unquoted debt securities		
FRS 107: 8(b) - At amortised cost		
FRS 107: 25 - At fair value		

The average effective interest rate of the unquoted debt securities is [%] (2011: [%]) per annum.

At 31 December 2012, the unquoted debt securities have nominal values amounting to $________ (2011: $________), with coupon rates ranging from [%] to _____% (2011: ______) per annum and maturity dates ranging from ______ to _______ (2011: ______ to ______).

There were no disposals or allowances for impairment for these unquoted debt securities.

The currency profile of the Group's and Company's held-to-maturity securities as at 31 December is as follows:

	Group and Company	
	2012	2011
	$'000	$'000
United States dollar		
Singapore dollar		
Thai baht		
Ringgit Malaysia		

FRS 107: 31, 34
FRS 107: 8(d)

21. Available-for-sale investments

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
At 1 January				
Exchange translation differences				
Additions				
Fair values changes recognised in other comprehensive income (FRS 107: 20(a)(ii))				
Impairment loss *				
Disposals				
At 31 December				

* This is included in the "Other expenses" line item in the profit or loss of the Group for the financial year then ended.

Details of the available-for-sale investments are as follows:

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Unquoted equity securities, at cost				
Less: Impairment loss				
Carrying amount				
Quoted equity securities, at fair value				
Total				

FRS 107: 29(b)

The investment in unquoted equity securities is stated at cost less impairment loss, if any, as its fair value cannot be determined reliably.

FRS 107: 27(a)

The investments in quoted equity securities have no fixed maturity date nor coupon rate. The fair values of these securities are based on closing quoted market prices on the last market day of the financial year. The securities are listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The currency profiles of the Group's and the Company's available-for-sale investments as at 31 December are as follows:

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
United States dollar				
Singapore dollar				
Thai baht				
Ringgit Malaysia				

FRS 1: 77, 78(c)

22. Inventories

		Group	
		2012	2011
		$'000	$'000
FRS 2: 37	Finished goods		
FRS 2: 37	Work-in-progress		
FRS 2: 37	Raw materials		

FRS 2: 36(h)

Inventories with carrying amounts of $_______ (2011: $_______) are held as security by way of a floating charge for certain of the Group's overdrafts (Note 33).

Commentary

FRS 2: 36 (e)(f)(g)

The entity is required to disclose the amount of any write-down or reversal of any write-down that is recognised as a reduction in the amount of inventories recognised as expense and the circumstances or events leading to such reversals. Please refer to an illustrative disclosure below for guidance:

The Group has recognised a reversal of $________ (2011: $_______), being part of an inventory write-down made in 2011, as the inventories were sold above the carrying amounts in 2012.

FRS 1: 77, 78(b)

23. Trade and other receivables

		Group		Company	
		2012	2011	2012	2011
		$'000	$'000	$'000	$'000
	Trade receivables				
	- Third parties				
FRS 24: 17(b), 18(c)	- Subsidiaries (Notes 16 and 39)				
FRS 24: 17(b), 18(g)	- Other related parties (Note 39)				
FRS 11: 40(c)	Retentions on construction contracts				
	Allowance for doubtful debts				
	– Third parties				
	Other receivables				
	- Deposits				
FRS 24: 17(b), 18(c)	- Subsidiaries (Notes 16 and 39)				
FRS 24: 17(b), 18(g)	- Other related parties (Note 39)				
	Total trade and other receivables				
	Less:				
	- Retentions on construction contracts				
	Add:				
	- Bank balances (Note 27)				
FRS 107: 6	- Fixed deposits (Note 27)				
	Total loans and receivables				

FRS 24: 17(b)

The non-trade amounts due from subsidiaries and related parties within other receivables are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

23. Trade and other receivables (Continued)

The average credit period on sale of goods is [ ] to [ ] days (2011: [ ] to [ ] days).

FRS 107: 37(b)

Allowances made in respect of estimated irrecoverable amounts are determined by reference to past default experience. The carrying amount of trade receivables individually determined to be impaired is as follows:

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Past due for 181 – 365 days				
Past due for more than 365 days				

FRS 107: 16

Movements in the allowance for doubtful trade receivables are as follows:

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
At 1 January				
Allowances charged to profit or loss				
Allowances credited to profit or loss				
At 31 December				

The currency profiles of the Group's and Company's trade and other receivables as at 31 December are as follows:

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
United States dollar				
Singapore dollar				
Thai baht				
Ringgit Malaysia				

24. Construction contracts

		Group	
		2012	2011
		$'000	$'000
	Contracts in progress as at 31 December:		
FRS 11: 42(a)	Amounts due from contract customers		
FRS 11: 42(b)	Amounts due to contract customers		
FRS 11: 40(a)	Contract costs incurred plus recognised profits (less recognised losses to date)		
	Less: Progress billings		

24. Construction contracts (Continued)

FRS 11: 40(b), (c)

At 31 December 2012, retention monies held by customers for contract work amounted to $_______ (2011: $_________) and they are presented within trade receivables in Note 23. Advances received from customers for contract work amounted to $________ (2011: $________) and they are presented within amounts due to contract customers in Note 34. The amounts due from and to contract customers are denominated in Singapore dollar.

FRS 107: 8(a)

25. Held-for-trading investments

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Quoted equity securities, at fair value				

The fair values of these securities are based on closing quoted market prices on the last market day of the financial year.

The quoted equity securities are denominated in Singapore dollar.

FRS 107: 6

26. Derivative financial instruments

	Group and Company			
	2012		2011	
	Assets	Liabilities	Assets	Liabilities
	$'000	$'000	$'000	$'000
Foreign currency forward contracts				
Interest rate swaps				
Total derivatives				
Add: Held for trading investments (Note 25)				
Total financial assets/ liabilities at fair value through profit or loss				

Foreign currency forward contracts

The Company is a party to a variety of foreign currency forward contracts in the management of its exchange rate exposures arising from its foreign currency denominated business transactions. The instruments purchased are primarily denominated in the currencies of the Group's principal markets.

FRS 107: 25

The following details the foreign currency forward contracts outstanding as at 31 December:

	Average exchange rate		Foreign currency		Notional amount		Fair value		Settlement date
Group	2012	2011	2012	2011	2012	2011	2012	2011	
			FC	FC	$'000	$'000	$'000	$'000	
Nature									
Sell Thai baht									
Buy Singapore dollar									

FRS 107: 6

26. Derivative financial instruments (Continued)

Interest rate swaps

The Group and the Company use interest rate swaps to manage its exposure to interest rate movements on its bank borrowings by swapping a certain proportion of those borrowings from floating rates to fixed rates.

The following details the interest rate swaps outstanding as at 31 December:

	Average contracted fixed interest rate		Notional principal amount		Fair value		Settlement date
Group	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	
			$'000	**$'000**	**$'000**	**$'000**	
Interest rate swaps							

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is the Singapore inter-bank rate. The Group will settle the difference between the fixed and floating interest rate on a net basis.

27. Cash and cash equivalents

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Cash balances				
Bank balances				
Short-term deposits				

Short-term deposits bear interest at an average rate of [%] (2011: [%]) per annum and are for a tenure of approximately [ ] days (2011: [ ] days).

Short-term deposits of the Group amounting to $________ (2011: $______) were pledged to banks to secure credit facilities granted to the subsidiaries (Note 33).

The currency profiles of the Group's and Company's cash and cash equivalents as at 31 December are as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
United States dollar				
Singapore dollar				
Thai baht				
Ringgit Malaysia				

FRS 107: 6

27. Cash and cash equivalents (Continued)

FRS 7: 45

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the financial year:

		Group	
		2012	2011
		$'000	$'000
	Cash and bank balances		
	- Continuing operations (as above)		
	- Discontinued operations (Note 9)		
FRS 7: 8	Less: bank overdrafts (Note 33)		
	Less: short-term deposits pledged		
	Cash and cash equivalents		

Commentary

For the purposes of presentation in the statement of cash flows under FRS 7, cash equivalents are defined as "short-term highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value". Short-term deposits and other investments which mature in three months or less would normally qualify.

Any deposits pledged or otherwise restricted should be excluded from cash and cash equivalents in the statement of cash flows.

28. Share capital

		Group and Company			
		2012	2011	2012	2011
		Number of ordinary shares		$'000	$'000
FRS 1: 79	**Issued and paid up :**				
	At beginning of year				
	Issued during the year				
	At end of year				

The ordinary shares have no par value, carry one vote per share without restrictions and their holders are entitled to receive dividends when declared by the Company. On [date], the Company issued ______ new ordinary shares for total consideration of $________.

FRS 32: 33, 34

29. Treasury shares

	Group and Company			
	2012	2011	2012	2011
	Number of ordinary shares		$'000	$'000
Issued and paid up :				
At beginning and end of year				

The Company acquired [ ] of its own shares through purchases on the Singapore Exchange during the year. The total amount paid to acquire the shares was $________ and has been deducted from shareholders' equity.

FRS 32: 33, 34

29. Treasury shares (Continued)

Commentary

If the Company has acquired treasury shares during the year, please refer to below for illustrative guidance:

	Group and Company			
	2012	**2011**	**2012**	**2011**
	Number of ordinary shares		**$'000**	**$'000**
Issued and paid up :				
At beginning of year				
Issued during the year				
At end of year				

The Company acquired [ ] of its own shares through purchases on the Singapore Exchange during the year. The total amount paid to acquire the shares was $________ and has been deducted from shareholders' equity.

FRS 1: 79(b)

30. Other reserves

	Group		**Company**	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Available-for-sale reserve				
Revaluation reserve				
Currency translation reserve				
Statutory reserve fund				

<u>Available-for-sale reserve</u>

Available-for-sale reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are derecognised or impaired.

	Group and Company	
	2012	**2011**
	$'000	**$'000**
At 1 January		
Net gain on fair value changes during the financial year		
Disposal of available-for-sale investments		
At 31 December		

FRS 1: 79(b)

30. Other reserves (Continued)

Revaluation reserve

The revaluation reserve represents increases in the fair value of freehold land and buildings, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

	Group	
	2012	**2011**
	$'000	**$'000**
At 1 January		
Net surplus on revaluation		
At 31 December		

Statutory reserve fund

In accordance with the Foreign Enterprise Law applicable to the subsidiary in the People's Republic of China (PRC), the subsidiary is required to make appropriation to a Statutory Reserve Fund (SRF). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

	Group	
	2012	**2011**
	$'000	**$'000**
At 1 January		
Transferred from retained earnings		
At 31 December		

Currency translation reserve

The currency translation reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations where functional currencies are different from that of the Group's presentation currency.

	Group	
	2012	**2011**
	$'000	**$'000**
At 1 January		
Exchange differences arising on translation of foreign operations		
Reclassification to profit or loss on disposal of subsidiary (Note 16)		
At 31 December		

FRS 37: 84(a) – (c)

31. Provisions

	Group		
	Costs of dismantlement, removal or restoration	Warranties	Total
	$'000	$'000	$'000
2012			
At 1 January			
Provisions made (Note 7)			
Provisions utilised			
At 31 December			
FRS 1: 61 Less: Current portion			
Non-current portion			
2011			
At 1 January			
Provisions made (Note 7)			
Provisions utilised			
At 31 December			
FRS 1: 61 Less: Current portion			
Non-current portion			

FRS 1 : 79(b)

The provision for costs of dismantlement, removal or restoration are the estimated costs of dismantlement, removal or restoration of property, plant and equipment arising from the acquisition or use of assets, which are capitalised and included in the cost of property, plant and equipment.

The provision for warranty claims represents management's best estimate of the present value of the future outflow of economic benefits that will be required under the Group's [ ] month warranty program for its products. The estimate has been made on the basis of historical warranty trends (Note 3).

32. Finance lease payables

		Minimum lease payments	Future finance charges	Present value of minimum lease payments
	Group	$'000	$'000	$'000
	2012			
FRS 17: 31(b)(i)	Within one year			
FRS 17: 31(b)(ii)	After one year but within five years			
FRS 17: 31(b)(iii)	After five years			
	2011			
FRS 1: 78	Within one year			
	After one year but within five years			
	After five years			

32. Finance lease payables (Continued)

FRS 17: 31(e) The finance lease terms range from [ ] to [ ] years.

FRS 107: 31
FRS 107: 29(a) The effective interest rates charged during the financial year range from [%] to [%] (2011: [%] to [%]) per annum. Interest rates are fixed at the contract dates, and thus expose the Group to fair value interest rate risk (Note 43). As at the end of the financial year, the fair values of the Group's finance lease obligations approximate their carrying amounts.

FRS 17: 31(c) All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

FRS 16: 74(a) The Group's obligations under finance leases are secured by the lessors' title to the leased assets, which will revert to the lessors in the event of default by the Group.

The finance lease payables are denominated in Singapore dollar.

33. Bank borrowings

		Group		Company	
		2012	2011	2012	2011
		$'000	$'000	$'000	$'000
	Secured bank loans [a]				
	Unsecured bank overdrafts [b]				
	Total				
	Less :				
FRS 1: 61(a)	Amount due for settlement within 12 months [c]				
FRS 1: 61(b)	Amount due for settlement after 12 months				

FRS 107: 14 [a] The Group's secured bank loans are secured as follows:

(i) legal charges on the freehold land and buildings of certain subsidiaries;
(ii) guarantees from the Company, certain subsidiaries, related parties and directors of certain subsidiaries.

The average effective borrowing rates range from [%] to [%] (2011: [%] to [%]) per annum and have maturity dates between 2013 and 2018.

FRS 107: 31 [b] The unsecured bank overdrafts are repayable on demand. The effective interest rates range from [%] to [%] (2011: [%] to [%]) during the financial year and are determined based on ____% plus prime rate.

[c] The amount, shown under current liabilities, consists of secured banks loans [a] of $_____ (2011: $_______) and unsecured bank overdraft [b] of $_________ (2011: $_______).

FRS 107: 29(a) Management estimates that the carrying amounts of the Group's and Company's borrowings approximate their fair values.

33. Bank borrowings (Continued)

The currency profiles of bank borrowings of the Group's and the Company's as at 31 December are as follows:

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
United States dollar				
Singapore dollar				
Thai baht				
Ringgit Malaysia				

34. Trade and other payables

		Group		Company	
		2012	2011	2012	2011
		$'000	$'000	$'000	$'000
	Trade payables				
	- Third parties				
FRS 24: 17(b), 18(c)	- Subsidiaries (Note 16 and 39)				
FRS 24: 17(b), 18(d)	- Associates (Note 17 and 39)				
FRS 24: 17(b), 18(g)	- Other related parties (Note 39)				
	Other payables				
	- Third parties				
FRS 24: 17(b), 18(c)	- Subsidiaries (Note 16 and 39)				
FRS 24: 17(b), 18(d)	- Associates (Note 17 and 39)				
FRS 24: 17(b), 18(g)	- Other related parties (Note 39)				
	- Accrued expense and other creditors				
FRS 11: 40(b)	Advances received on construction contracts				
	Financial guarantee contracts				
	Total trade and other payables				
	Less:				
FRS 11: 40(b)	- Advances received on construction contracts				
	Add:				
	- Finance lease payables (Note 32)				
	- Bank borrowings (Note 33)				
FRS 107: 6	Total financial liabilities carried at amortised cost				

FRS 24: 17(b)

The non-trade amounts due to subsidiaries, associates and other related parties within other payables are unsecured, interest-free, repayable on demand and are to be settled in cash.

The average credit period on purchases of goods is [ ] days (2011: [ ] days).

No interest is charged on the trade and other payables.

34. Trade and other payables (Continued)

FRS 107: 31

The currency profiles of the Group's and Company's trade and other payables as at 31 December are as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
United States dollar				
Singapore dollar				
Thai baht				
Ringgit Malaysia				

35. Dividends

FRS 1: 107

During the financial year ended 31 December 2012, the Company declared and paid a final one-tier tax exempt dividend of $___ per ordinary share of the Company totalling $____ in respect of the financial year ended 31 December 2011.

FRS 1: 137(a)

The Company did not recommend any dividend in respect of the financial year ended 31 December 2012.

36. Operating lease commitments

FRS 17: 35(a)

At the end of the financial year, commitments in respect of non-cancellable operating leases in respect of office premises and other operating facilities are as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Future minimum lease payments payable:				
Within one year				
After one year but within five years				
After five years				
Total				

FRS 17: 35(d)
FRS 107: 7

Operating lease payments represent rents payable by the Group and Company for office premises and other operating facilities. Leases are negotiated for an average term of __ to __ years and rentals are fixed for an average of __ to __ years with no provisions for contingent rent or upward revision of rent based on market price indices.

Commentary

FRS 17: 56(b), (c)

<u>The Group and the Company as lessors</u>

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of between [ ] and [ ] years. All leases include a clause to enable upward revision of the rental charge of an annual basis based on prevailing market conditions.

36. Operating lease commitments (Continued)

Commentary

The Group and the Company as lessors (Continued)

FRS 17: 56(a)

As at the end of the financial year, future minimum rentals receivable under non-cancellable operating leases at the end of the financial year are as follows:

	2012	*2011*	*2012*	*2011*
	$'000	*$'000*	*$'000*	*$'000*
Future minimum lease payments payable:				
Within one year				
After one year but within five years				
After five years				
Total				

37. Capital commitments

FRS 16: 74(c)

As at the end of the financial year, commitments in respect of capital expenditure are as follows:

	Group	
	2012	2011
	$'000	$'000
Capital expenditure contracted but not provided for		
- Commitments for the acquisition of property, plant and equipment		
FRS 38: 122(e) - Commitments for the acquisition of intangibles		

38. Contingent liabilities, unsecured

FRS 37: 86

As at 31 December 2012, the Company had given guarantees amounting to $__________ (2011: $_____________) to certain banks in respect of banking facilities granted to the subsidiaries (Note 16).

The Company has not recognised any liability in respect of the guarantees given to the banks for banking facilities granted to the subsidiaries as the Company's directors have assessed that the likelihood of the immediate holding company defaulting on repayment of its loan is remote.

As at the end of the financial year, the total amount of loans outstanding covered by the guarantees is $_____________ (2011: $_________). Such guarantees are in the form of a financial guarantee as they require the Company to reimburse the respective banks if the respective subsidiaries to which the guarantees were extended fail to make principal or interest repayments when due in accordance with the terms of the borrowings. There has been no default or non-repayment since the utilisation of the banking facility.

As at the end of the financial year, the Company had also given undertakings to certain subsidiaries (Note 16) to provide continued financial support to these subsidiaries to enable them to operate as going concerns and to meet their obligations as and when they fall due for at least 12 months from the financial year end.

39. Significant related party transactions

A related party is defined as follows:

FRS 24: 9

(a) A person or a close member of that person's family is related to the Group and Company if that person:
   (i) Has control or joint control over the Company;
   (ii) Has significant influence over the Company; or
   (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

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

FRS 24: 9
FRS 24: 18, 19, 21

During the year, in addition to the information disclosed elsewhere in these financial statements, the Group entities and the Company entered into the following transactions with related parties at rates and terms agreed between the parties:

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Rental received from subsidiaries				
Sale of goods to:				
- Associates				
- Companies controlled by directors				
Purchases from:				
- Associates				
- Fellow subsidiaries				
Management fees paid to immediate holding company				
Management fees received from joint venture				
Consultancy fees paid to immediate family member of a director				
Payments made on behalf and reimbursed by the immediate holding company				
Purchase commitments from fellow subsidiaries				

39. Significant related party transactions (Continued)

The outstanding balances as at 31 December with related parties are disclosed in Notes _____ and are unsecured, interest-free, repayable on demand and are to be settled in cash, unless otherwise stated. There are no outstanding balances with key management personnel or their immediate family members.

Key management personnel remuneration

		Group		Company	
		2012	2011	2012	2011
		$'000	$'000	$'000	$'000
FRS 24: 17(a)	Short-term benefits				
FRS 24: 17(b)	Post-employment benefits				
FRS 24: 17(c)	Other long-term benefits				

Commentary

FRS 24: 18

If there have been transactions between related parties, the nature of the related party relationship as well as information about the transactions and outstanding balances, including commitments, shall be disclosed. The disclosures are to include:

(a) the amount of the transactions
(b) the amount of outstanding balances, including commitments including: (i) the terms and conditions, including whether they are secured and the nature of consideration to be provided in settlement, and (ii) details of any guarantees given or received;
(c) provisions for doubtful debts; and
(d) the expense in respect of bad and doubtful debts due from related parties.

FRS 24: 19

Related party transactions must be disclosed separately for each of the following categories:

(a) the parent;
(b) entities with joint control or significant influence over the entity;
(c) subsidiaries;
(d) associates;
(e) joint ventures in which the entity is a venture;
(f) key management personnel of the entity or its parent; and
(g) other related parties.

FRS 24: 21

Examples of transactions that are disclosed if they are with a related party are:

(a) purchases or sales of goods;
(b) purchases or sales of property or other assets;
(c) rendering or receiving of services;
(d) leases;
(e) transfers of research and development;
(f) transfers under licence agreements;
(g) transfers under finance arrangements (including loans and equity contributions in cash or in kind);
(h) provision of guarantees or collateral;
(i) commitments to do something if a particular event does or does not occur in the future; and
(j) settlement of liabilities on behalf of the entity or by the entity on behalf of another party.

FRS 24: 17(d)(e)

In addition to the items presented in the illustrative disclosures, key management remuneration disclosure should include termination benefits and share-based payments where applicable.

40. Reclassifications and comparatives

FRS 1: 41

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with current year's financial statements.

[Please state the nature and reason for the reclassification(s).]

The items were reclassified as follows:

	Group	
	Previously reported	After reclassification
	2011	2011
STATEMENT OF FINANCIAL POSITION	**$'000**	**$'000**
ASSETS		
Current assets:		
Prepaid lease payment		
Non-current assets:		
Property, plant and equipment		
Prepaid lease payment		
CONSOLIDATED STATEMENT OF CASH FLOWS		
Amortisation of prepaid lease payment		
Depreciation expense		

Commentary

Reclassifications

FRS 1: 41

FRS 1: 39

Note that under FRS 1: 41 when there are any changes to the presentation or classification of items in the financial statements, comparatives must be reclassified. When comparatives are reclassified the nature of the reclassification, the amounts reclassified and the reasons for the reclassification must be disclosed. These disclosures should also be presented as at the beginning of the preceding period when relevant. Under FRS 1: 39 a third statement of financial position as at the beginning of the comparative period must also be presented. This example assumes that the reclassification in question does not have any impact as at the beginning of the comparative period and therefore the third statement of financial position has not been presented.

Comparatives

For newly incorporated entities presenting their first set of accounts, please include the following illustrative note to explain the lack of comparative figures:

The financial statements cover the period since incorporation on [ ] to [ ]. These being the first set of accounts, there are no comparative figures.

Subsequently, for entities with unequal comparative financial periods, please include the following illustrative note to explain the difference:

The financial statements for 2011 cover the period from [ ] to [ ].

41. Segment information

FRS 108: 22(b)

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker (Note 2.26).

Management considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in these primary geographic areas: Singapore, Thailand, China and United States. All these locations are engaged in the manufacturing, distribution and trading of audio systems and speaker products.

The Group has three reportable segments being manufacturing, distribution and trading segments.

The manufacturing segment produces audio systems and speaker products for sale to other segments and constructs customised audio systems and speaker products for sales to third parties. The distribution segment sells audio systems and speaker products produced by the manufacturing segment to whole-sale distributors. The trading segment sells audio systems and speakers products produced by the manufacturing segment to the retailers.

FRS 108: 16

"Other" segments includes the Group's remaining minor trading and investment holding activities which are not included within reportable segments as they are not separately reported to the chief operating decision maker and they contribute minor amounts of revenue to the Group.

FRS 108: 22(a)

The Group's reportable segments are strategic business units that are organised based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies.

Management monitors the operating results of the segments separately for the purposes of making decisions about resources to be allocated and assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

FRS 108: 23(h)

Income taxes are managed on a Group basis.

FRS 108: 27(b)
FRS 108: 27(c)
FRS 108: 27(d)
FRS 108: 27(f)

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operations before tax expense not including non-recurring gains and losses and foreign exchange gains or losses.

FRS 108: 27(e)

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss[1].

FRS 108: 27(a)

The Group accounts for intersegment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on consolidation.

Commentary

[1] The Group does not need to restate segment information if there is a change in the measure of profit or loss. The Group is however required to disclose the nature of any change from prior periods in the measurement methods used to determine the reported segment profit or loss and the effect, if any, of those changes on the measure of segment profit or loss.

However, the Group will need to restate their figures if there has been a change in the composition of the segments resulting from changes in the structure of an entity's internal organisation. It would probably be appropriate to show all segment information on a comparable basis to the extent that it is practicable to do so.

41. Segment information (Continued)

		Singapore			Thailand			China			United States		
		Manufacturing	Distribution	Trading	Manufacturing	Distribution	Trading	Manufacturing	Distribution	Trading	Manufacturing	Distribution	Trading
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	2012												
	Revenue												
FRS 108: 23(a)	Revenues from external customers												
FRS 108: 23(b)	Intersegment revenues												
	Total revenue												
FRS 108: 23(c)	Interest revenue[1]												
FRS 108: 23(d)	Interest expense												
FRS 108: 23(e)	Depreciation and amortisation												
FRS 108: 23(f)	Other material items of income and expenses[2]												
FRS 108: 23(i)	Other material non-cash Items												
	Impairment of assets												
	Decrease in fair value of investment property												
	Gain on disposal of property, plant and equipment												
FRS 108: 23(g)	Share of profits of associates and joint ventures												
FRS 108: 23	Segment assets[3]												
FRS 108: 24(a)	Investment in associates and joint ventures												
FRS 108: 24(b)	Additions to non-current assets												
FRS 108: 23	Segment liabilities[3]												

41. Segment information (Continued)

		Others					
		Manufacturing	Distribution	Trading	Total	Eliminations and Adjustments	Total
		$'000	$'000	$'000	$'000	$'000	$'000
	2012						
	Revenue						
FRS 108: 23(a)	Revenues from external customers						
FRS 108: 23(b)	Intersegment revenues						
	Total revenue						
FRS 108: 23(c)	Interest revenue[1]						
FRS 108: 23(d)	Interest expense						
FRS 108: 23(e)	Depreciation and amortisation						
FRS 108: 23(f)	Other material items of income and expenses[2]						
FRS 108: 23(i)	Other material non-cash Items						
	Impairment of assets						
	Decrease in fair value of investment property						
	Gain on disposal of property, plant and equipment						
FRS 108: 23(g)	Share of profits of associates and joint ventures						
FRS 108: 23	Segment assets[3]						
FRS 108: 24(a)	Investment in associates and joint ventures						
FRS 108: 24(b)	Additions to non-current assets						
FRS 108: 23	Segment liabilities[3]						

41. Segment information (Continued)

		Singapore			Thailand			China		
		Manufacturing	Distribution	Trading	Manufacturing	Distribution	Trading	Manufacturing	Distribution	Trading
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	2011									
	Revenue									
FRS 108: 23(a)	Revenues from external customers									
FRS 108: 23(b)	Intersegment revenues									
	Total revenue									
FRS 108: 23(c)	Interest revenue[1]									
FRS 108: 23(d)	Interest expense									
FRS 108: 23(e)	Depreciation and amortisation									
FRS 108: 23(f)	Other material items of income and expenses[2]									
FRS 108: 23(i)	Other material non-cash Items									
	Impairment of assets									
	Decrease in fair value of investment property									
	Gain on disposal of property, plant and equipment									
FRS 108: 23(g)	Share of profits of associates and joint ventures									
FRS 108: 23	Segment assets[3]									
FRS 108: 24(a)	Investment in associates and joint ventures									
FRS 108: 24(b)	Additions to non-current assets									
FRS 108: 23	Segment liabilities[3]									

41. Segment information (Continued)

		← Others →					
		Manufacturing	Distribution	Trading	Total	Eliminations and Adjustments	Total
		$'000	$'000	$'000	$'000	$'000	$'000
	2011						
	Revenue						
FRS 108: 23(a)	Revenues from external customers						
FRS 108: 23(b)	Intersegment revenues						
	Total revenue						
FRS 108: 23(c)	Interest revenue[1]						
FRS 108: 23(d)	Interest expense						
FRS 108: 23(e)	Depreciation and amortisation						
FRS 108: 23(f)	Other material items of income and expenses[2]						
FRS 108: 23(i)	Other material non-cash Items						
	Impairment of assets						
	Decrease in fair value of investment property						
	Gain on disposal of property, plant and equipment						
FRS 108: 23(g)	Share of profits of associates and joint ventures						
FRS 108: 23	Segment assets[3]						
FRS 108: 24(a)	Investment in associates and joint ventures						
FRS 108: 24(b)	Additions to non-current assets						
FRS 108: 23	Segment liabilities[3]						

41. Segment information (Continued)

FRS 108: 28

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items [1]

FRS 1: 79(b)

	2012 $'000	2011 $'000
Revenues		
Total revenue for reportable segments		
Other revenue		
Elimination of inter-segment revenue		
Elimination of discontinued operations		
Consolidated revenue		
Profit or Loss		
Total profit or loss for reportable segments		
Other profit or loss		
Elimination of inter-segment profits		
Elimination of discontinued operations		
Unallocated amounts: Other corporate expenses		
Share of profit of associates and joint ventures		
Consolidated profit before income tax		
Assets		
Total assets for reportable segments		
Other assets		
Investments in associates and joint ventures		
Other unallocated amounts		
Consolidated net assets		
Liabilities		
Total liabilities for reportable segments		
Other liabilities		
Other unallocated amounts		
Consolidated total liabilities		

41. Segment information (Continued)

Commentary

FRS 108: 23

(i) Interest revenue

The Group can only report net interest revenue if a majority of the segment's revenues are from interest and the chief operating decision maker relies primarily on net interest revenue.

FRS 1: 86

(ii) Material items of income and expenses

These are material items of income and expense disclosed in accordance with FRS 1:86.

FRS 108: 23

(iii) Segment assets and segment liabilities

An entity shall report a measure of total assets and liabilities for each reportable segment if such amounts are regularly provided to the chief operating decision maker.

FRS 108: 28

(iv) Other material reconciling items

Other material reconciling items should also be separately identified and described.

Products and services information

		Audio systems	Speaker products	Others	Consolidated
		$'000	$'000	$'000	$'000
FRS 108: 31	**2012**				
FRS 108: 32	Revenue from external customers				
FRS 108: 36	**2011**				
	Revenue from external customers				

Geographic information

Revenues from external customers

		Singapore	Thailand	China	United States	Other countries	Consolidated
		$'000	$'000	$'000	$'000	$'000	$'000
FRS 108: 31	**2012**						
FRS 108: 33(a)	Revenues from external customers						
FRS 108: 36	**2011**						
	Revenues from external customers						

FRS 108: 33(a)

The revenue information above is based on the location of the customer.

41. Segment information (Continued)

Location of non-current assets

		Singapore	Thailand	China	United States	Other countries	Consolidated
		$'000	$'000	$'000	$'000	$'000	$'000
FRS 108: 31	**2012**						
FRS 108: 33(b)	Non-current assets						
FRS 108: 36	**2011**						
	Non-current assets						

Non-current assets consist of property, plant and equipment, other intangible assets, investment properties, investment in associates and investment in joint venture.

Commentary

The geographic information is required to be disclosed even where there is only one segment. In the case where the necessary information is not available for disclosure and the cost to develop it would be excessive, that fact shall be disclosed.

The entity is required to disclose the revenues from external customers attributed to the Company's country of domicile as well as all foreign countries in total from which the Group derives the revenues if such revenues attributed to an individual foreign country are not material enough to warrant separate disclosures.

Similarly, the entity is required to disclose the non-current assets located in the Company's country of domicile and all foreign countries in total if the non-current assets located in individual foreign countries are not material enough to warrant separate disclosures.

The information provided shall be based on the financial information that is used to produce the Group's financial statements.

Major customers

The revenues from one customer of the Group's trading segment represent approximately $________ (2011: $________).

Commentary

The Group is required to provide information about the extent of its reliance on major customers. If revenues from transactions with a single external customer amount to 10% or more of the Group's revenues, the Group shall disclose this fact, the total amount of revenues from each such customer and the identity of the segment(s) reporting the revenues.

The entity needs not disclose the identity of a major customer but it needs to disclose the amount of revenues that each segment reports from that customer.

A group of entities known to the Group to be under common control shall be considered a single customer.

42. Financial instruments and financial risks

FRS 107: 31, 32, 33

The Group's activities expose it to credit risks, market risks (including foreign currency risks, interest rate risks and equity price risks) and liquidity risks. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Group uses financial instruments such as foreign currency forward contracts and interest rate swaps to hedge certain financial risk exposures.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

Financial risk management is carried out by a central treasury department ("Group Treasury") in accordance with the policies set by the management. The trading team of Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The reporting team of Group Treasury measures actual exposures against the limits set and prepares daily reports for review by the Heads of Group Treasury and each operating unit. Regular reports are also submitted to the management and the Board of Directors.

FRS 107: 33(c), 40(c)

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis as indicated below.

Credit risks

FRS 107: 33(a), (b), 36

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require a collateral.

FRS 107: 34(a), (c)
FRS 107: AGB8

The Group and Company do not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics except for [ ] as disclosed in this note.

42. Financial instruments and financial risks (Continued)

Credit risks (Continued)

The Group's and Company's major classes of financial assets are bank deposits and trade receivables.

Bank deposits are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies.

FRS 107: 36(c)

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

FRS 107: 37(a)

The age analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Past due for 1 to 90 days				
Past due for 91 to 180 days				
Past due for 181 to 365 days				
Past due for more than 365 days				

Commentary

FRS 107: 36(b)

Where the Group holds collateral as security and other credit enhancements, please provide a description of these instruments and their financial effect (e.g. quantification of the extent to which collateral and other credit enhancements mitigate credit risk) in respect of the amount that best represents the maximum exposure to credit risk for each class of such financial instruments.

FRS 107: 38

Where the Group obtains collaterals and other credit enhancements during the financial period and continues to hold them as at the reporting date, please disclose the following:

(a) nature and carrying amount of the assets; and
(b) when the assets are not readily convertible into cash, its policies for disposing of such assets or for using them in its operations.

Please refer to the following as an illustrative guide:

During the financial year, the Group obtained assets by taking possession of collateral held as security. Those assets which are not yet derecognised as of 31 December 2011 are as follows:

Nature of assets	*Carrying amount*
	$'000
Inventories	
Property, plant and equipment	

Repossessed items are sold as practicable, with the proceeds used to reduce outstanding receivables.

42. Financial instruments and financial risks (Continued)

Market risks

FRS 107: 33(a), (b)

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risks, including foreign currency forward contracts to hedge against foreign currency risk and interest rate swaps to mitigate the risk of rising interest rates.

Foreign currency risks

The Group transacts business in various foreign currencies, including United States dollar, Thai baht and Ringgit Malaysia and hence is exposed to foreign currency risks. These risks are managed either by foreign currency forward contracts in respect of actual or forecast currency exposures or through natural hedges arising from a matching of sales and purchases or a matching of assets and liabilities of the same currency and amount.

FRS 107: 34

The carrying amounts of the Group's and Company's foreign currency denominated monetary assets and monetary liabilities as at the end of the financial year are as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Group				
Monetary assets				
United States dollar				
Thai baht				
Ringgit Malaysia				
Others				
Monetary liabilities				
United States dollar				
Thai baht				
Ringgit Malaysia				
Others				
Company				
Monetary assets				
United States dollar				
Thai baht				
Ringgit Malaysia				
Others				
Monetary liabilities				
United States dollar				
Thai baht				
Ringgit Malaysia				
Others				

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to foreign exchange translation risk.

42. Financial instruments and financial risks (Continued)

Market risks (Continued)

Foreign currency risks (Continued)

Commentary

FRS 107: 22

Where the Group enters into foreign currency forward contracts with third parties or with the Group Treasury as part of its hedging activities to mitigate the foreign currency risks, please describe the objective, policies and procedures of its hedging activities.

Please refer to the following as an illustrative guide:

The Group transacts business in various foreign currencies, including United States dollar, Thai baht and Ringgit Malaysia and hence is exposed to foreign currency risks. To manage foreign currency risks, individual Group entities enter into foreign currency forward contracts with the Group Treasury which in turn manages the overall currency exposure mainly through foreign currency forward contracts.

The Group Treasury's risk management policy is to hedge between [%] and [%] of highly probably forecast transactions (mainly export sales and import purchases) in the next 3 months and approximately [%] of firm commitments, denominated in foreign currencies.

FRS 107: 40

Foreign currency sensitivity analysis

The Group is mainly exposed to United States dollar (USD) and Thai Baht (THB).

The following table details the Group's sensitivity to a [%] change in USD and THB against Singapore dollar. The sensitivity analysis assumes an instantaneous [%] change in the foreign currency exchange rates from the end of the financial year, with all variables held constant. The results of the model are also constrained by the fact that only monetary items, including external loans and loans to foreign operations, which are denominated in USD and THB are included in the analysis. Consequentially, reported changes in the values of some of the financial instruments impacting the results of the sensitivity analysis are not matched with the offsetting changes in the values of certain excluded items that those instruments are designed to finance or hedge.

	Increase/(Decrease)							
	Group		Company		Group		Company	
	Profit or Loss				Equity			
	2012	2011	2012	2011	2012	2011	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
USD								
Strengthens against $								
Weakens against $								
THB								
Strengthens against $								
Weakens against $								

42. Financial instruments and financial risks (Continued)

Market risks (Continued)

FRS 107: 42

> **Commentary**
>
> Please include explanations for material variances between 2011 and 2012 or/and increase (decrease) in the profit or loss and equity. In addition, where management believes that the sensitivity analyses are unrepresentative, please disclose the fact and the reason(s).

FRS 107: 40

Interest Rate Risks

The Group's interest rate risks relate to interest bearing liabilities and interest bearing assets.

The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings. The Group enters into interest rate swaps to minimise its interest rate risks. The duration of such interest rate swaps do not exceed the tenor of the underlying debts. Further details of the interest rate swaps can be found in Note 26 to the financial statements.

FRS 107: 40

The Group's and Company's exposure to interest rate risks is set out in a table below under Liquidity risks.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risks for both derivatives and non-derivative instruments at the end of the financial year. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the financial year was outstanding for the whole year. The sensitivity analysis assumes an instantaneous [%] change in the interest rates from the end of the financial year, with all variables held constant.

	Increase/(Decrease)							
	Group		Company		Group		Company	
	Profit or Loss				Equity			
	2012	2011	2012	2011	2012	2011	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bank loans								
Bank overdraft								
Obligation under finance lease								
Interest rate swaps								

FRS 107: 42

> **Commentary**
>
> Please include explanations for material variances between 2011 and 2012 or/and increase (decrease) in the profit or loss and equity. In addition, where management believes that the sensitivity analyses are unrepresentative, please disclose that fact and the reason(s).

42. Financial instruments and financial risks (Continued)

Market risks (Continued)

Equity Price Risks

The Group is exposed to equity price risks arising from equity investments classified as available-for-sale. Available-for-sale equity investments are held for strategic rather than trading purposes. The Group does not actively trade available-for-sale investments.

Further details of these equity investments can be found in Note 21 to the financial statements.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the balance sheet date.

The sensitivity analysis assumes an instantaneous [%] change in the equity prices from the balance sheet date, with all variables held constant.

	Increase/(Decrease)							
	Group		Company		Group		Company	
	Profit or Loss				Equity			
	2012	2011	2012	2011	2012	2011	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Available-for-sale investments								
Held-for-trading investments								

Commentary

FRS 107: 34

Please include explanations for material variances between 2011 and 2012 or/and increase (decrease) in the profit or loss and equity. In addition, where management believes that the sensitivity analyses are unrepresentative, please disclose that fact and the reason(s).

42. Financial instruments and financial risks (Continued)

FRS 107: 33, 39(b)

Liquidity risks

Liquidity risks refer to the risks in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The following table details the Group's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to receive or (pay). The table includes both interest and principal cash flows.

FRS 107: 34,39

	Effective interest rate	Less than 1 year	1 to 2 years	2 to 4 years	More than 5 years	Total
	%	$'000	$'000	$'000	$'000	$'000
The Group						
<u>Financial Liabilities</u>						
Obligations under finance leases						
Bank loans, floating interest rates						
Bank overdrafts						
Financial guarantee contracts						
As at 31 December 2012						
Obligations under finance leases						
Bank loans, floating interest rates						
Bank overdrafts						
Financial guarantee contracts						
As at 31 December 2011						

The disclosed amounts for the financial guarantee contracts represent the maximum amount of issued financial guarantees in the earliest time period for which the guarantees could be called upon in the contractual maturity analysis.

42. Financial instruments and financial risks (Continued)

FRS 107: 34,39

Liquidity risks (Continued)

	Effective interest rate %	Less than 1 year $'000	1 to 2 years $'000	2 to 4 years $'000	More than 5 years $'000	Total $'000
The Group						
Financial Assets						
Non-interest bearing						
Fixed interest bearing						
Variable interest bearing						
As at 31 December 2012						
Non-interest bearing						
Fixed interest bearing						
Variable interest bearing						
As at 31 December 2011						
The Company						
Financial Liabilities						
Obligations under finance leases						
Bank loans, floating interest rates						
Bank overdrafts						
Financial guarantee contracts						
As at 31 December 2012						
Obligations under finance leases						
Bank loans, floating interest rates						
Bank overdrafts						
Financial guarantee contracts						
As at 31 December 2011						
Financial Assets						
Non-interest bearing						
Fixed interest bearing						
Variable interest bearing						
As at 31 December 2012						
Non-interest bearing						
Fixed interest bearing						
Variable interest bearing						
As at 31 December 2011						

42. Financial instruments and financial risks (Continued)

FRS 107: 34, 39

Liquidity risks (Continued)

Commentary

Where applicable, please include the following:

As at the end of the financial year, it was not probable that the counterparty to the financial guarantee contract will claim under the contract. Consequently, the amount included above is nil.

The following table details the Group's maturity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows (outflows) on the derivative instruments that settle on a net basis and the undiscounted gross inflows (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates.

	Effective interest rate	Less than 1 year	1 to 2 years	2 to 4 years	More than 5 years	Total
	%	$'000	$'000	$'000	$'000	$'000
The Group						
Net-settled:						
Interest rate swaps						
Foreign currency forward contracts						
Gross-settled:						
Foreign currency forward Contracts						
As at 31 December 2012						
The Group						
Net-settled:						
Interest rate swaps						
Foreign currency forward Contracts						
Gross-settled:						
Foreign currency forward contracts						
As at 31 December 2011						

The Group's operations are financed mainly through equity, retained profits and bank borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

The repayment terms of the finance leases, bank loans and overdrafts are disclosed in Notes 32 and 33 to these financial statements respectively.

FRS 107: 27, 28, 29

43. Fair value of financial assets and financial liabilities

Fair value of financial instruments that are not carried at fair value

Except as detailed in the following table, management considers that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximate their fair values due to their relative short term maturity.

	2012		2011	
	Carrying amount	Fair value	Carrying amount	Fair value
	$'000	$'000	$'000	$'000
Group				
Financial assets				
Held-to-maturity investments:				
Unquoted debt securities				
Financial liabilities				
Borrowings:				
Finance leases				
Bank loans				
Company				
Financial assets				
Held-to-maturity investments:				
Unquoted debt securities				
Financial liabilities				
Bank loans				

Fair value information has not been disclosed for the Group's investments in unquoted equity instruments that are carried at cost because their fair value cannot be determined reliably (Note 21). The Group has no plans to dispose of these securities in the foreseeable future.

Commentary

The disclosure of fair values of financial instruments not carried at fair value may be presented either in a single table, as abov,e or in the respective notes, as also illustrated in these illustrative financial statements. Both types of disclosure are not however necessary. A statement such as the following may be considered as well:

The carrying amount of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relative short term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

Fair value of financial instruments that are carried at fair value

The Group classifies financial instruments using the following fair value hierarchy:

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

43. Fair value of financial assets and financial liabilities (Continued)

Financial instruments carried at fair value classified by level of fair value hierarchy are as follows:

FRS 107: 27B(a)

	Fair value measurement using:		
	Level 1	Level 2	Level 3
2012	$'000	$'000	$'000
Group			
Assets			
Held-for-trading investments			
Derivative financial instruments			
Available-for-sale financial assets			
- Quoted equity securities			
Total			
Liabilities			
Derivative financial instruments			
Company			
Assets			
Held-for-trading investments			
Derivative financial instruments			
Available-for-sale financial assets			
- Quoted equity securities			
Total			
Liabilities			
Derivative financial instruments			

FRS 107: 27, 28, 29

43. Fair value of financial assets and financial liabilities (Continued)

FRS 107: 27B(a)

	Fair value measurement using:		
	Level 1	Level 2	Level 3
2011	$'000	$'000	$'000
Group			
Assets			
Held-for-trading investments			
Derivative financial instruments			
Available-for-sale financial assets			
- Quoted equity securities			
Total			
Liabilities			
Derivative financial instruments			
Company			
Assets			
Held-for-trading investments			
Derivative financial instruments			
Available-for-sale financial assets			
- Quoted equity securities			
Total			
Liabilities			
Derivative financial instruments			

The financial instruments included in Level 1 are traded in active markets and their fair values are based on quoted market prices at the reporting date.

The financial instruments that are not traded in active markets comprise derivatives. The fair value of derivatives are determined through the use of discounted cash flow valuation techniques with observable market inputs such as quoted forward rates at the reporting date. These financial instruments have been classified as Level 2 in the current and previous financial years.

FRS 107: 27B(b)

There have been no changes in the valuation techniques of the various classes of financial instruments during the financial year.

Commentary

The entity is required to disclose for each class of financial instruments recognised in the statement of financial position any significant transfer between Level 1 and Level 2 of the fair value hierarchy and the reasons for those transfers. Transfers into each level shall be disclosed and discussed separately from transfers out of each level. For this purpose, significance shall be judged with respect to profit or loss, and total assets or total liabilities.

43. Fair value of financial assets and financial liabilities (Continued)

Commentary

FRS 107: 27B(c),

If the Group obtains the fair value of certain financial instruments using measurements that fall within Level 3 of the fair value hierarchy, FRS 107: 27B(c) requires the Group to disclose a reconciliation from the beginning balances to the ending balances with specific disclosure of certain items, where applicable.

In addition, if changing one or more of the inputs to reasonably possible alternative assumptions would change the fair value significantly (with respect to profit or loss, total assets, total liabilities or total equity if the changes in fair value are recognised in other comprehensive income), the entity shall state the fact and disclose the effect of those changes.

Please refer to the table below as an illustrative disclosure for financial assets (please take note that comparative figures are not shown here):

	Financial assets at fair value through profit or loss		***Available-for-sale financial assets***	***Total***
	Securities	*Derivatives*	*Equity investments*	
	$'000	*$'000*	*$'000*	*$'000*
Opening balance				
Total gains or losses				
- in profit or losses				
- in the comprehensive income				
Purchases				
Issues				
Settlements				
Transfers into Level 3[1]				
Transfers out of Level 3[1]				
Closing balance				

	$'000
Gains or losses included in profit or loss for the period (above) are presented in trading income and in other income as follows:	
Total gains or losses included in profit or loss for the period	
Total gains or losses for the period included in profit or loss for assets held at the end of the financial year	

[1] *Please disclose the reasons for the transfers.*

44. Capital management policies and objectives

FRS 1: 134, 135

The Group manages its capital to ensure that the Group is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Notes 28, 29 and 30.

Management monitors capital based on a gearing ratio [%]. The Group and the Company are also required by the banks to maintain a gearing ratio of not exceeding [%] (2011: [%]). The Group's and Company's strategies, which were unchanged from 2011, are to maintain gearing ratios within [%] and [%].

As disclosed in Note 30, a subsidiary of the Group is required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities.

The Group and the Company are in compliance with externally imposed capital requirements for the financial years ended 31 December 2011 and 2012.

Commentary

If there is no such externally imposed capital requirement, the Company/Group should state so accordingly (FRS 1:135(d)).

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

The Group's management reviews the capital structure on a semi-annual basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Upon review, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged from 2011.

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Net debt				
Total equity				
Total capital				
Gearing ratio	[%]	[%]	[%]	[%]

Commentary

The above example illustrates capital management disclosure for a reporting entity that monitors its capital using a gearing ratio. Other entities may use different and/or more complex methods to monitor capital. An entity decides, in the light of its circumstances, which measures are more suitable to monitor its capital and how much detail it should disclose.

45. Events subsequent to the reporting date

Commentary

FRS 10: 21

The Group is required to disclose the nature of all material non-adjusting events that took place subsequent to the financial year-end and an estimate of the corresponding financial effect, or in the event that the estimate cannot be made, a statement disclosing the fact.

Commentary

FRS 102: 45

Additional notes (where applicable):

Where the entity has in place a share option scheme(s) during the financial year, please refer and include the following illustrative note to disclose such a scheme under FRS 102:

Share option scheme

Details of share options exercised during the financial year to subscribe for ordinary shares of the Company are as follows:

	Exercise price	*Number exercised*		*Cash consideration received*	
		2012	*2011*	*2012*	*2011*
				$'000	*$'000*
Scheme					

The proceeds were used as working capital for the company.

Details of the outstanding share options are as follows:

	The Group and the Company			
	2012		*2011*	
	Number of share options	*Weighted average exercise price*	*Number of share options*	*Weighted average exercise price*
		$		*$*
At 1 January				
Exercised during the year				
Lapsed during the year				
At 31 December				
Exercisable at 31 December				

The weighted average share price at the date of exercise for share options exercised during the year was $_______(2011: $_______). The options outstanding at the end of the year have a weighted remaining contractual life of [   ] years (2011: [   ] years).

FRS 102: 46, 47

The estimated fair values of the options granted on [   ] is $_______. These fair values were calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

Weighted average sale price
Weighed average exercise price
Expected volatility
Expected life
Risk free rate
Expected dividend yield

Commentary

Additional notes (where applicable):

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 5 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The Group recognised total expenses of $__________ related to equity-settled share-based payment transactions during the year ended 31 December 2012.

APPENDIX A
CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

FRS 1: 88
FRS 1: 99

Format 3 - By Function — **Appendix A**

		Note	Group 2012 $'000	Group 2011 $'000
FRS 1: 82(a), 103	Revenue	4		
FRS 1: 103	Cost of sales			
FRS 1: 103	**Gross profit**			
	Other items of income			
	Interest income	5		
	Dividend income			
FRS 1: 103	Other income			
	Other items of expense			
FRS 1: 103	Marketing and distribution expenses			
FRS 1: 103	Administrative expenses			
FRS 1: 103	Other expenses			
FRS 1: 82(b)	Finance costs	6		
FRS 1: 82(c); FRS 28: 38	Share of profit of associates			
	Profit before tax from continuing operations	7		
FRS 1: 82(d)	Income tax expense	8		
	Profit for the year from continuing operations			
FRS 1: 82(e) FRS 105: 33(a)	Profit for the year from discontinued operation	9		
FRS 1: 82(f)	**PROFIT FOR THE YEAR**			
	Profit attributable to:			
FRS 1: 83(a)(ii)	Owners of the Company			
FRS 1: 83(a)(i)	Non-controlling interests			
FRS 33: 66	**Earnings per share from continuing operations attributable to owners of the Company (cents)**			
FRS 33: 66	Basic	11		
FRS 33: 66	Diluted	11		
FRS 33: 68	**Earnings per share from continuing operations attributable to owners of the Company (cents)**			
FRS 33: 68	Basic	11		
FRS 33: 68	Diluted	11		

APPENDIX A
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (Continued)

FRS 1: 81(b)
FRS 1: 99

Format 3 - By Function

Appendix A

Reference		Note	Group 2012 $'000	Group 2011 $'000
FRS 1: 82(f)	**PROFIT FOR THE YEAR**			
FRS1: 82(g)	**Other comprehensive income:**			
	Exchange differences on translating foreign operations			
	Other exchange differences			
	Available-for-sale financial assets:			
	Gains arising during the year			
FRS 1: 92, 94	Less: Reclassification adjustments for gains Included in profit or loss			
	Gain on revaluation of property			
FRS 1: 82(h)	Share of other comprehensive income of associates			
FRS 1: 91(b)	Income tax relating to components of other comprehensive income	10		
	Other comprehensive income for the year, net of tax	10		
FRS 1: 82(i)	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**			
FRS 1: 82(i)	**Total comprehensive income attributable to:**			
FRS 1: 83(b)(ii)	Owners of the Company			
FRS 1: 83(b)(i)	Non-controlling interest			

Commentary

In the application of FRS 1 (2008) *Presentation of Financial Statements*, the Group could elect to present:

- two statements – a separate income statement and a statement of comprehensive income (FRS 1: 81(b)).
- the components of other comprehensive income before related tax effects with one amount shown for the aggregate amount of income tax relating to these components (FRS 1: 91(b)); and
- the reclassification adjustments relating to components of other comprehensive income in the statement of comprehensive income (FRS 1: 94).

APPENDIX B
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

FRS 1: 88
FRS 1: 99

Format 4 - By Nature — **Appendix B**

			Group	
		Note	**2012**	**2011**
			$'000	**$'000**
FRS 1: 82(a), 102	Revenue	4		
	Other items of income			
	Interest income			
FRS 1: 102	Dividend income			
	Other income	5		
	Items of expense			
FRS 1: 102	Changes in inventories of finished goods and work in progress			
FRS 1: 102	Raw material and consumables used			
FRS 1: 102	Employee benefits expense			
FRS 1: 102	Depreciation and amortisation expense			
FRS 1: 102	Impairment of property, plant and equipment			
FRS 1: 102	Other expenses			
FRS 1: 82(b)	Finance costs	6		
FRS 1: 82(c); FRS 28: 38	Share of profit of associates			
	Profit before tax from continuing operations			
FRS 1: 82(d)	Income tax expense	7		
	Profit for the year from continuing operations	8		
FRS 1: 82(e) FRS 105: 33(a)	Profit for the year from discontinued operation	9		
FRS 1: 82(f)	**PROFIT FOR THE YEAR**			
	Profit attributable to:			
FRS 1: 83(a)(ii)	Owners of the Company			
FRS 1: 83(a)(i)	Non-controlling interests			
	Earnings per share from continuing operations attributable to owners of the Company (cents)			
FSR 33: 66	Basic	11		
FRS 33: 66	Diluted	11		
	Earnings per share from discontinued operation attributable to owners of the Company (cents)			
FSR 33: 68	Basic	11		
FRS 33: 68	Diluted	11		

FRS 1: 88
FRS 1: 99

Format 4 - By Nature — **Appendix B**

Reference		Note	Group 2012 $'000	Group 2011 $'000
FRS 1: 81A(a)	**PROFIT FOR THE YEAR**			
	Other comprehensive income:			
FRS1: 82A(a)	**Items that will not be reclassified to profit or loss:**			
FRS 16: 77(f)	Gain on revaluation of property			
FRS 28: 39	Share of revaluation of property of associates			
FRS 1: 91(b)	Income tax relating to components of other comprehensive income that will not be reclassified	10		
FRS 1: 82A(b)	**Items that may be reclassified subsequent to profit or loss:**			
FRS 21: 52(b)	Exchange differences on translating foreign operations			
	Other exchange differences			
	Available-for-sale financial assets:			
FRS 107: 20(a)(ii)	Gains arising during the year			
FRS 1: 92, 94	Less: Reclassification adjustments for gains included in profit or loss			
FRS 1: 91(b)	Income tax relating to components of other comprehensive income that may be reclassified	10		
FRS 1: 81A(b)	**Other comprehensive income for the year, net of tax**	10		
FRS 1: 81A(c)	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**			
	Total comprehensive income attributable to:			
FRS 1: 81A(b)(ii)	Owners of the Company			
FRS 1: 81A(b)(i)	Non-controlling interests			

Commentary

The above and following disclosures illustrate the early adoption of the amendments to FRS 1 Presentation of Other Comprehensive Income.

Illustrative example disclosures of summary of significant accounting policies on early adoption of amendments to FRS 1:

FRS 1 (amendments) Presentation of Items of Other Comprehensive Income

FRS 8: 28 — On 1 January 2012, the Group early adopted the amendments for FRS 1 which are effective for annual periods beginning on or after 1 July 2012.

FRS 1: 82A — The amendments to FRS 1 changes the grouping of items presented in other comprehensive income. Items that will be reclassified subsequently to profit or loss when specific conditions are met would be presented separately from items that will not be reclassified subsequently to profit or loss. As the amendments only affect the presentation of items that are already recognised in other comprehensive income, there is no impact on the financial position or performance of the Group upon adoption of these amendments.

Format 4 - By Nature (Continued) **Appendix B**

Commentary

In the application of FRS 1 (2008) *Presentation of Financial Statements*, the Group could elect to present:

- two statements – a separate income statement and a statement of comprehensive income (FRS 1: 81(b)). On adoption of FRS 1(Amendments) Presentation of Other Comprehensive Income these are renamed a statement of profit or loss and a statement of profit or loss and other comprehensive income.

- the components of other comprehensive income before related tax effects with one amount shown for the aggregate amount of income tax relating to these components (FRS 1: 91(b)); and

- the reclassification adjustments relating to components of other comprehensive income in the statement of comprehensive income (FRS 1: 94).